

INSIDE: SEPT. 11, 1986—BLACK THURSDAY

Maclean's

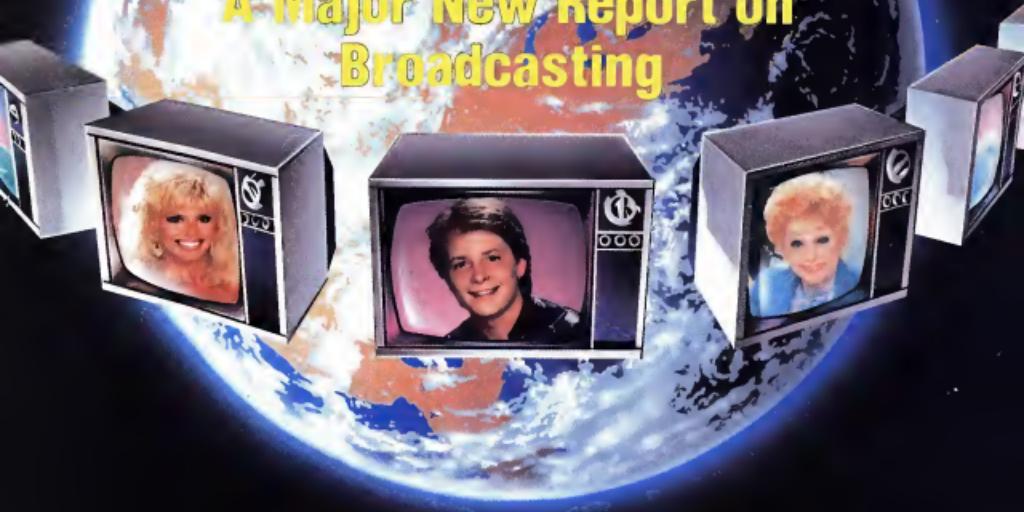
SEPTEMBER 22, 1986

CANADA'S WEEKLY NEWSMAGAZINE

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TV BOILS OVER

Exclusive:
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The season's best—and worst



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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

SEPTEMBER 18, 1986 VOL. 93 NO. 38

COVER

TV holds over

As the fall TV season gets into action, a dramatic scenario is being played out behind the scenes. The protagonists are rich and powerful men whose new networks are vying for control of the Western world's most pervasive medium. Meanwhile, the old networks' executives are scrambling to trim costs and court their increasingly fragmented audience. —Page 38



Growing crises on the farm

A labor dispute that halted wheat shipments from Thunder Bay was the latest blow to what may be a 10-year season of problems for Canadian grain farmers. —Page 19



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The odd couple

Mrs. McMurtry and cartoonist Ben Wixs were two of the judges in a national children's art and literature contest to benefit youngsters of the Third World. —Page 46



On the 120th anniversary of the coup that brought him to power, President Augusto Pinochet survived an assassination attempt and imposed a state of siege. —Page 48



Black Thursday - 1986

Stirred investors reacted to a troubled world economy with a spectacular trading binge that resulted in the worst decline since the 1929 stock market crash. —Page 22

LETTERS

Canadians at risk

Gerald Coplin's column about Nicaragua ("A uniquely Canadian dilemma," Aug. 25) puts the Canadian government's patrician Central American policy in its proper perspective. External Affairs Minister Joe Clark's failure to respond either in Parliament or outside to the American-sponsored lobbying has exposed the Conservative obsession with tarring Ronald Reagan, no matter what the cost to our national integrity.

—BRIAN ENRIGHT
Ottawa

Gerald Coplin's column raised an important question: what will the Prime Minister do to prevent Canadian volunteers from being arrested in Nicaragua by U.S.-backed contras? As one of the solidarity groups mentioned in the column, we have a direct interest in this issue. Canadian Action for Nicaragua (CAN) organizes harvest brigades and study tours to Nicaragua. We can confirm Coplin's observation that "Canadians will not stop going to Nicaragua to help." Our experience indicates that there is a growing interest on the part of Canadians to volunteer. It seems to us that this reflects a growing outrage on the part of people right across the country against U.S.-backed terrorism in Nicaragua.

—THE COMMITTEE
CAN Do-nation,
Toronto

The forgotten homeless

Your article on the history of refugees ("Era of the homeless," Cover, Aug. 25) is selective. While the inmates of 1885 50 merit mention, there is no reference



Clark: expressing a Tory obsession

to the modern victims of war and capitalism—the Palestinians. They have been living their lives on the grim refugee camps of the Middle East for nearly 15 years, and the United Nations Relief and Works Agency lists over two million of them. Many of the world's political leaders manage to ignore the Palestinians. It is sad indeed if writers of historical articles are unaware of their tragedy.

—MICHAEL MACQUARIE
The Star, Ottawa

A predictable reaction

As reported in your story about the death of Alton Perry ("The barrier of self-murder," Crime, Aug. 11), there was the predictable knee-jerk reaction to bring back the death penalty. Since Canada abolished this hideous practice in 1976, the annual homicide rate has dropped 5 percent. There is no better proof than this who kill to show that killing is wrong.

—D. PAUL RISKO
Roxboro, Que.

PASSAGES

ILL. Steve Foye Sr., 58, father of alleged Canadian runner Steve Foye Jr., of impeccable long-distance, in Vancouver, July 1981. Foye, now 60, a widower, who lost a lung to cancer as a child, is hit twice: Canada runs past cancer, having progress from a van. Foye, 60, said last week that doctors had told him he had 35 weeks to live without undergoing treatment, but that his son was still scheduled to run through Britain later this year to raise money for cancer research.

APPOINTED. Farmer secretary of state David MacDonald, 50, as Canadian ambassador to Ethiopia, by External Affairs Minister Joe Clark, in Ottawa. MacDonald, a United Church minister from Prince Edward Island, served in the short-lived Clark government from 1979 to 1980. In 1984-85 he won praise for his 18-month stint as Canadian famine relief co-ordinator for Africa during the severe drought which killed millions of Ethiopians.

BORN. French photographer Jacques Henri Lartigue, 90, one of the most renowned cameras artists of the century, is hospitalized in Nice, in the south of France. He took more than 300,000 photographs, beginning when he was 8, and he was best known for the elegant images he recorded in the decade before the First World War. In many ways that period was a gentle, noble age and Lartigue's record of French families enjoying the dreamlike enchantment of the times remains an evocative reminder of a world during its interval of peace.

SENTENCED. Patriarch of the Gori family empire Aldo Gori, 60, to a year and a day in prison for evading more than \$1 million in personal federal income taxes, by Judge Vincent Broderick, in New York. Gori, an Italian citizen, has agreed to pay the back taxes to the U.S. government. He will be eligible for parole four months after he begins his prison term on Oct. 16.

APPLIED. For bankruptcy, Peter Demeter, 52, the former Mississauga, Ont., developer who was convicted in 1974 of engineering the murder of his Italian model wife, Christine, and in 1985 of attempting to hire assassins to murder a cousin's son in Toronto. Police have seized assets worth more than \$100,000 in the Belleville, Ont., apartment of Demeter's spouse, Lisa Ross. Demeter had claimed that he had shifted the holdings to the South Pacific nation of Vanuatu (formerly the New Hebrides) to be held in trust for his daughter. In his application for bankruptcy, Demeter declared that he owes more than \$800,000.

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Letters are edited and may be condensed. Writers should supply some additional information in order to facilitate correspondence. Letters to the editor should be addressed to Letters Editor, The Star, 1 Yonge St., Toronto, Ontario M5E 1E6.

When you've got it, flute it.



Méthode Champenoise

The solution to Canada's tragic 4,000 traffic deaths a year isn't just better cars. It's better drivers.



Here's how professional driver training of young people can cut the toll by almost a third over the next five years. And what Texaco is doing to help.

If it was a disease that was killing Canadians at the rate we do on our highways, it would be an epidemic.

We would rally, organize, and work to stamp it out. But over the years the newspaper images of mashed metal have taken a numbing toll on our minds. Did the picture on the opposite page shock you? Likely not.

And that should tell you just how de-sensitized we've become to the carnage.

The statistics should shock us: 6,353 killed on our roads last year, almost 250,000 injured.

Traffic accidents are now the leading cause of death for Canadians under 34. A terrible, useless waste of our young, our future.

Texaco believes, as grim as the facts are, that there is hope. And it starts with the most shocking statistic of all:

85% of all traffic accidents are due to human error. Drivers who make mistakes. Deadly mistakes. But this also means that 85% of traffic accidents are preventable.

Drive to survive.

Of the people who get their drivers' licences in Canada each year, 60% don't have formal training.

If we can put more new drivers on our roads who are more highly trained in the demanding skill of driving a car, we can save lives.

If every new driver was a graduate of a professional driver training program—calm, alert, and well-trained in defensive driving techniques, we could cut our death toll dramatically. Perhaps by as much as a third in the next five years.

Teaching your teenager to drive could be dangerous—because you may unknowingly pass on deadly habits. (Many people who have been driving for years will use re-training courses.)

Good driver? Bad teacher.

Test yourself right now on how good a driver you are.

When a traffic light turns green you step on the gas and proceed with caution. Right?

Wrong.

You should always look left, center, right and left again before proceeding to be certain all traffic has cleared an intersection. (Nearly half of all accidents happen right here.)

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Texaco is making the reduction of traffic deaths and injuries our cause.

And we're not going to just talk about it; we're going to do something about it.

A 10% reduction in the cost of professional driver training.

Starting now, we'll arrange for a 10% reduction in the cost of sending your teenager to Young Drivers of Canada, one of the best driver training programs available.

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Our "Drive to Survive" information kit contains full details on our cost-reduction program, as well as the application that qualifies you for this reduction.

The kit is available by calling toll-free:
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Or drop by a nearby Texaco service station and pick one up.

Proper driver training is costly—but there's no companion with the cost of human lives. That's priceless.

(

Course fees are federally tax deductible by the student, and there may be substantial insurance reductions which could easily save the initial expense in a very short time.

(You're a driver for life; remember, and accident-free drivers tend to pay less for insurance.)

Just the beginning.

Texaco will also be taking steps to raise public concern about traffic fatalities and the vital importance of professional driver training in many other ways too.

We want to stop the carnage. And better drivers mean fewer accidents.

It may not stop all the traffic deaths and injuries, but it's a start.

Because the way we see it, our job isn't just to help get your car safely from one place to another, but to help get you and your family there safely, too.

Let a professional teach them to drive. And survive.



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Life in a domestic hell

Wolton Shaford was a violent man who often threatened his rural New Scotia neighbors and local police. But no one knew his violent nature more than his wife Jane. For five years she endured brutal beatings, sexual abuse and countless mental cruelty. But when Shaford threatened to kill their young son, Jane Shaford rebelled and killed her husband with a shotgun. She was subsequently sentenced to life in a maximum security prison. Here, MacLean's national editor writes on the plight of battered wives. Her work has won a nursing certificate in a Dartmouth, N.B., rehabilitation centre, Shaford has largely changed her人生, to that of her parents. Recently, in a best-selling book called *Life with Billy* written by Bryan Holle, she detailed the horror of her relationships with Shaford. MacLean's Front Section editor Jared Mitchell recently interviewed Jane Hurshman.

MacLean's: When did your husband begin to abuse you?

Hurshman: It began at [our son] Darren's

birth. Until that time Bill had been like the average ordinary man charming, caring and understanding. Then it changed like day and night. He became a violent, aggressive monster. It was almost at both myself and at Darren. It started with a slap or a hit. The first drastic beating that I remember was when Darren was six months old, and it was to the point of unconsciousness. He inflicted enough fear to immobilize me. He kept me from eating, drinking and going to the bathroom. He took my dignity and pride and self-esteem a little bit at a time. He even took the ability that I had to feel or care—I imagined myself to the fact that this was how life was going to be.

MacLean's: Did you ever find that your husband's behavior was justified?

Hurshman: When I first started telling him it was my fault, I questioned myself: did I do something wrong? It's like being brainwashed and I began believing it.

MacLean's: Why did you not just leave your husband?

Hurshman: With me and with a lot of the women out there, it is fear. Any one who

could have seen him would have known what I was talking about. He was a big man—almost six feet and over 250 lb—and I would get thrown around like a football. At one point, I did tell him that I was going to leave him. He said, "You'll come back. I won't have to come looking for you." He told me that I would come back and that I would bring my 'bastard son' with me. And I would have done this, because he said he would shoot my family, one member at a time, until I came home.

MacLean's: Were other people aware of your problems?

Hurshman: Everybody was aware of what was going on.

MacLean's: Did they try to stop your husband?

Hurshman: No, not even the local police officers—who knew what was going on with my house. I never thought about being hospitalized. It was an accepted fact and I rationalized myself to the helplessness of the situation.

MacLean's: Did the women whom you knew ever discuss the topic of domestic violence?

Hurshman: No. I felt so isolated and ashamed. It's like a taboo subject, always hidden. It's like the purpose of my writing this book—to let other women know that they are not alone and that if they want things to change then they should be heard. Don't be a silent

woman behind a door, keeping it a secret.

MacLean's: Were you ever aware, during your ordeal, that there were shelter houses for battered wives?

Hurshman: I didn't have a telephone and I did not actually have access to a vehicle. I just rely, didn't have any knowledge that there was anything there for me at the time.

MacLean's: What choices are there for men who acknowledge that they beat their wives and want to change?

Hurshman: Batturing is a learned behavior. There is help available for the batterers once they admit that they have a problem. It is like Alcoholics Anonymous. You have to admit that you have a problem and want to change. There is help, and it can save the marriage.

MacLean's: How did your husband come to be so violent?

Hurshman: I really don't know his background. Nobody ever spoke about it. His mother had said about his previous wife was that she was a whore and ran around. Nothing was ever discussed about Bill having problems.

MacLean's: Has your son, Darren, now nine years old, recovered himself to what has happened?

Hurshman: He doesn't refer to it. Recently I asked him, "What do you tell the kids at school about your dad?" Darren said, "My dad died." And I said, "Well, do

you tell them the circumstances involving his death?" "Oh yes," he said. "He died of cancer."

MacLean's: What should happen to those who acknowledge that they beat their wives?

Hurshman: It has to be realized that wife battering is a crime. It's accepted as family behavior, but it's not. It's a crime and it should be treated as a crime. People go to jail for shoplifting as a crime. You can go in the store and say, "I'm saying that shoplifting is a crime. Maybe you should post a few signs and say that wife battering is a crime." Victims will be presented. Let them know it is a far treatment because there's a lot of men who could be helped if they are pushed.

MacLean's: Do you think sentencing it too lenient for men convicted of abusing their families?

Hurshman: No. I don't think it is too lenient. But wife batters should be sentenced to whatever punishment in fitting.

MacLean's: Your prior experience had a lasting effect on you?

Hurshman: The past will always be there. I can't erase it and I will probably never get over it. But I am quite content with the way my life is going now. I just want to be able to keep growing. I know I can finally put it behind me now. I like who I'm becoming and where I'm going, and I want to be able to help stop the cycle of violence that's happening in society.



Hurshman Yahoo! reader

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FOLLOW-UP

Fall of the silver barons

Once they seemed like real-life *Barry* members of the *Barry* family from TV's *Dallas*. Their purported attempt to control the silver market, far afield—though failed at a cost of \$2.5 billion in 1986—shocked as audacious and disregard for risk that would have left *Elmer* *Beaufort* breathless. But, in recent months, the Hunt brothers—Nelson, Herbert, and Lamar—have been faced with the possibility of near-financial ruin of a family fortune worth more than \$6.2 billion just six years ago.

The Hunts' problems are in part a result of this year's steep decline in silver prices. But that is only one of many difficulties. In the 1970s the Hunts extended their fortune by investing in silver, lead, and oil to accumulate huge paper profits. But in the deflationary 1980s, the Hunts have been suffering from a sharp drop in the value of those commodities and industries. Last year three family-owned sugar refining subsidiaries were forced into bankruptcy, while falling Texas real estate prices have cut the value of the Hunts' Dallas office instruments.

The brothers now face armchairish court battles with bankers over their debts. At the center of the disputes are two firms: Pfaud-Oil Co., a joint venture of the family business—and Peoples Drilling Co. Pfaud is expected to lose \$300 million in 1986, while Peoples has already been forced to seek protection under U.S. bankruptcy laws. At the same time, the liquidation value of Pfaud-Oil's reserves has slumped to an estimated \$700 million.

The Hunts have refused bankers' demands to pay their debts by selling off assets and countered with a series of lawsuits totaling \$5 billion. One suit accuses the banks of conspiring to win control of Fennel and Peoples. Bank spokesmen dismiss the charges and have filed counter-suits for more than \$1.6 billion. Although most observers say that the banks will win the court battles, they add that the Hunts could at least delay collection until after prime revere. But there is little doubt that the Hunts' fortune will be greatly reduced, giving new irony to Hunter Hunt's complaint in the late 1970s that "a billion dollars isn't what it used to be."

—GENE SLYNN in New York



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Not somewhere up in the clouds. We're a team of little guys, that's why we're big.



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Search for identity

This week Israeli Prime Minister Shimon Peres will visit Ottawa for talks with Prime Minister Brian Mulroney. For Peres, it will be one of his last duties as prime minister before handing over power to Foreign Minister Itzhak Shamir next month as part of a unique power-sharing agreement between Israel's two leading political parties. For many of their constituents, the change in leadership will be a chance to measure Israel's progress. Michael Assent, Managing Editor Michael Assent recently visited Israel. His report:

To the casual observer, it sometimes appears that Israel's social and political fabric is being torn apart. Its national unity government, made up of Peres's Labor alliance and Shas's Likud coalition, is perpetually on the brink of collapse. The country's 3.4 million Jews and 1.9 million Palestinians live in two parallel worlds. Even Jews are polarized. Right-wing hawks, who regard the occupied West Bank as sacred territory, continue to feud with left-wing doves. At the

same time, the country's orthodox and secular Jews wage a bitter war over the identity of the state. And the Israeli economy remains dependent on \$1 billion in annual U.S. aid. The combined pressures are taking their toll. Last year, there were more emigrants than immigrants.

But that perception of political and social chaos is deceiving. "There is something very healthy going on here," said Jerusalem Rabbi David Hartman. "We are fighting with each other. We are not one homogeneous people. Who should we be? We are only one in the eyes of our enemies." According to Hartman, who left an orthodox synagogue in Montreal 15 years ago to found an educational think tank in Israel, the conflicts are evidence of a vital national debate that, 35 years after the state's creation, is only now surfacing. At the heart of the debate is a controversy over what kind of state Israel should be—secular or religious, democratic or theocratic. "It's interesting," said Hartman, "that a 2,000-year-old people should be going

through a teenage identity crisis."

The seemingly healthy debate has produced some ugly confrontations. In central Jerusalem, religious activists have burned public bus shelters displaying posters of scantily dressed women and burned Jews attending Mass on Friday night, the start of the Jewish Sabbath. In response, extremist secularists have painted swastikas on synagogues and burned sacred books, attacking the most sacred elements of religious fundamentalism.

The root of the problem, says Benzoch Shalev, an administrator with the World Zionist Organization (WZO), is not religion, not politics—specifically the electoral system. Said Shalev: "All public debate in Israelengines because politicians are not accountable to any single constituency of voters." The electorate votes for party lists drawn up by individual party leaders. Each party—16 are now represented in the Knesset, Israel's parliament—receives seats in proportion to the votes earned nationwide. As a result, the system benefits narrowly based doctrinaire parties, which have often managed to dominate the political agenda by controlling the balance of power.

Since Israel's independence in 1948, no single party has been able to forge a majority government. Said Shalev: "National interests and needs take a



Peres in front of a crowd demonstrating against the pressuring curfew

back seat to party politics." Equally troubling, said Shalom Laski, former director-general of the Jewish Agency, which facilitates immigrations, is that the system contains a built-in bias toward compromise and moderation. "It becomes a candidate," added Shalev, "you are by definition a person, blindly committed to the party line."

The political system is not the only

cause of dissatisfaction. The entire society, many Israelis contend, is being suffocated by costly and inefficient bureaucracies. An estimated 30 per cent of the labor force is employed in the civil service. A confusion of red tape and paperwork confronts Israelis undertaking anything from starting a business to acquiring a driver's license. What would take only days to arrange

in Canada can take months in Israel. Critics say that organizations such as the WZO, the Jewish Agency and similar bodies are run by bureaucrats who have become more adept at raising funds to support new immigrants than at attracting them. The practical result is that Israel's new arrivals are principally untrained workers in flight from oppression, while those leaving the country—the so-called Zionists—are often Israel's best and brightest. A lack of significant Workers' aliyah (immigration) hurts the country in numerous ways. "Only a small percentage of the population carries the traditions of democracy, efficiency and productivity," said Michael Jankovich, head of the WZO's student division. "If you want to succeed, you also need motivated Zionists to contribute expertise."

Similarly, Israel is trying to find ways to keep native Israelis at home. Laski, now practicing law, has recommended the creation of a special fund to provide loans and housing subsidies for discharged soldiers—the single largest category of emigrants. Said Laski: "We're spending millions trying to attract Americans, but nothing as incentives to keep Israelis from leaving." But so far the government has declined to act.

Israel is also struggling with a \$50-



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billions budget deficit, which is funded largely from American aid money. Etan Wertheimer, 24, as officer of Israel, a manufacturer of precision tools, is one of many who object to the country's overwhelming dependence on US assistance. "Stamson is not selling your soul for charity from North America," he said. "To be a good Israeli, I have to be independent." So that end, Wertheimer and his father, Bar, have embarked on an ambitious program to change Israeli society's attitudes.

Submitted by Israel's agent—1924

supported by their capital—
expert sales were \$100 million.
The Westberthers had created an Israeli
version of Rita Hayworth in the hills
of the Western Galilee. Said Roi:
“If we can create 1,000
expert engineers, we can eliminate
the deficit in no time.” These are 11
businesses now operating in the
Westberthers’ high-tech greenhouse
of their dream, as seen by Israelis who
have been attracted back from the
United States. The Westberthers are
helping to transform the stereotype of the
Israeli idealist—from a socialist
kibbutznik to a capitalist tycoon. “If
we have a better life here, fewer Israeli-
s will leave and more Jews will
come,” said Eliezer Westberger.

Other Israelis are also anxious against the prevailing currents. One is Meir Benvenisti, the former deputy mayor of Jerusalem, and now director of the West Bank Data Base Project, an independent research centre. Benvenisti contends that the fundamental issue facing Israel is the country's relations with the Palestinian Arabs. In his view, the Arab-based conflict is not primarily a religious or ethnic dispute. Even if Israel had peace with all of its Arab neighbours, it would still have to deal with the Palestinians, because

With it is rural, Benvenisti says that Israelis must exceed the reality of Palestinian nationalism. In two decades, if Benvenisti's projections are accurate, Palestinians—including those living on the occupied West Bank—will represent half the population of Israel. Already, Arabs hold a "virtual monopoly" on several jobs, especially in the construction trades. At 5 a.m., long before most Jews are awake, Arab workers can be seen trudging by foot and bus to construction sites around the country. In fact, so complete is the Arab domination of blue-collar jobs that when the Israeli foreign ministry recently held a top secret lunch meeting for a visiting American diplomat, the only waiters they could find were Arabs.

Still, Israelis remain optimistic about their nation's future. And that optimism is not without foundation. The runaway inflation of recent years

has been checked, giving average Israelis a feeling of economic stability after a prolonged period of fiscal anxiety. The cost of living remains high (a standard four-door Japanese-made car costs roughly \$14,000), and the price of a restaurant meal costs about 49 per cent more than it does in Canada. But

the good life.

Politically, the 1979 peace treaty with Egypt is holding. And a long-ear-ning border dispute over the Suez Canal settlement at Taba appears likely to be resolved. While Israel remains technically

ally at war with several Arab countries, it maintains a de facto peace with Jordan and last month won implicit recognition from Morocco's King Hassan, then chairman of the Arab League, who held a widely publicized summit with Pita.

But war is seldom far from the public consciousness. Military strategists are suspicious of the aims of Syrian President Hafez al-Assad, who has accumulated a \$4-billion arsenal of sophisticated Soviet weaponry. Said one source close to Israeli intelligence: "The question is not if Assad will use

II, but when "Israel does not want to repeat the experience of the 1973 Yom Kippur war, where Egypt's surprise attack nearly rendered the Jewish state incapable of retaliation. As a result, the Israeli strategy will likely call for a pre-emptive raid by the Israeli air force—even if it means Jerusalem is labelled the aggressor.

In the meantime, here's another view:

that is its ongoing war against terrorism—a struggle that is now confronting Israel with a stark choice. The country is currently embroiled in the Gaza flotilla affair, in which officials of

The domestic security service says alleged to have ordered the assassination of Palestinian terrorist after they packed a box on the Ashkelon highway in April, 1984, killing a female Israeli soldier. A police inquiry is investigating whether the prime minister or other cabinet ministers knew of advance of the execution order.

Doubtless these disorders, though rare, do

to regulate their nationalized

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von Hans von Abbema, Jena und Tübingen

and friends. Bonhag's love for the

and in the first place, it is

（三）对“左”的批评和对右的批评

ing political power. And even the jaded Zee-oh has been moved by recent arrival of 17,000 Ethiopians under a 3,000-year exile and by the dramatic release from the Soviet Union last February of Anatoly Sharansky. "I have travelled in Ethiopia," said Heather Stevens, 36, occupational therapist from Toronto who immigrated a year ago, "and I see their history, their roots, this is the place for me. These are rocks."

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COLUMN

The changing face of work

By Dian Cohen

Many between elections every voter starts to think that our politicians are way behind the people. What is harder to evaluate is the way our institutions keep up with the times. Some recent statistics are profoundly disturbing in their implications. Even though the overall unemployment picture isn't as grim as it was, long-term unemployment has doubled since 1982. This means that spells of unemployment are lasting longer. The bulk of the people affected are older men.

Most of the jobs being created are going to women and part-timers, many of them young. And, in terms of long-term trends, what we are seeing is a weaker participation rate in the labor force for men and a growing one for women. That is itself should set off some alarm bells. Our employment policies, tax policies, or fiscal events ratings, and investment decisions are generally based on the idea that men are more "deeply" attached to the labor force than women. Though this is probably no longer true, it is taking a lot of time for that fact to seep through the consciousnesses of governments, lenders and employers.

For example, women are not treated as employees for tax purposes when they employ others to take care of their children or clean their houses when they work. The reason given for this is that it would cost too much money. But if women didn't have to pay taxes on the money they pay as wages to others, they might be able to pig better. In turn, a lot of people who now work only for cash under-the-table might come out into the above-ground economy. I'm not so sure it wouldn't be a positive exercise in the end.

Nobody knows these things for certain, just as nobody knows what would happen if we actually had equal pay for jobs of equal value. It has become the fashion in business circles to raise cries of alarm at the very size of such a thing. The assumption is obviously being made that equality means bringing women's wages up to where men's are. But since women's employment rate is increasing and men's decreasing, men are much more vulnerable to having their wages cut. This is even truer because men are in the dying smokestack industries and women are in the burgeoning service fields.

The fact is that it is very hard to determine what equal pay for work of equal value means. Previous writers have not been doing the same job as men have. That may be changing. We are now starting to hear male voices when we dial directory assistance. Younger men may begin to care more about having a job—any job—that about the stereotypes attached to it, and pay equity may come to mean a kind of leveling of wages and stereotypes.

The men of the economy that is growing is small business and, in the employed sector, part-time work. Women may be better equipped in many ways to respond to the needs of our changing economy. They are used to being fragmented—to answering the phone while braiding a child's hair and watching the soap pot and thinking ahead to what the family needs next week. They are used to working out of their kitchens, which is where many

Men are taught to believe in a long-term job and they may find it hard to adjust to the new reality

small businesses are started. And because it has always been harder for them to borrow money (this too is changing) they know how to plan and spend carefully. Women are also taught to expect to serve others, and see no stigma in doing so. All of these qualities are the ones that are needed to survive in the new economy. Men, on the other hand, are taught to believe that they deserve a long-term job. They may find it very hard to adjust to the new reality.

Our governments have traditionally thought, in terms of short-term job creation, despite reams of evidence that it doesn't do any good. As well, in the past several years 100 per cent of net job creation in Canada has been in the small-business sector, yet only a tiny part of the departments of regional industrial expansion's job creation budget is devoted to it.

Most small-business people will tell you they don't really want direct government subsidies. They would prefer to have life made easier for them, with perhaps limited grants available for testing completely new ideas.

In Quebec, where I live, half of the small businesses are run by women. But they are in the same businesses. Forty per cent of the businesses with one or fewer employees are run by women, but when you get up to the 30+ employee firms, only 14 per cent of them have women at the helm.

Women have a long way to go before they hold the levers of established power in Canada. But they are increasingly productive, and getting more so every day. If the treatment of travelling businesseomen in hotels and restaurants is any indication, many businesses have a lot to learn about how to adjust to some new realities. Women are only just beginning to wake up to the fact that they have it in this area, and we will see changes in the way many services are marketed in the years to come.

Women and young people are still the sources of cheap labor, but young people will be a much smaller proportion of the population in 10 years, and nothing is being done about the loss of the burgeoning older ones.

The one area where there are some real changes being made is in retirement options. It is not enough, but it is not quick enough, but it is becoming easier for part-timers, for women and for young people to make pension arrangements. Reverse mobility can exist on the same job for 30 years, let alone a lifetime career. It has become vital to have earlier vesting and portability in pensions, and this is now beginning to happen. We still need to find ways within the system to allow older people with productive years still to draw out of jobs that are desperately needed by younger people. If we were smart, we would find ways to use these older people and all their experience to help fix some of our problems, and we would find a way of financially bridging their way to retirement.

In large companies, the fashionable and necessary concept of flattening the management structure—reducing the number of top-level managers—has led to a soggy middle of young, ambitious middle managers with no place to go but sideways. We have to find ways of making breadth of experience just as valuable as ascension in the pyramid, and many of the most energetic of these people may well start their own businesses. When will our institutions catch up?

Dian Cohen is a Montreal-based economist.



Wheat grower Ed Hascall on his farm near Portage-la-Prairie, Man.; plummeting prices and shrinking international markets

CANADA

A growing farm crisis

An unusual silence blanketed the sprawling port of Thunder Bay on the northern shore of Lake Superior last week. No freight cars were pouring grain onto the 12 giant concrete elevators that dot the waterfront. None of the city's 1,200 grain handlers were loading wheat onto some of the 1,000 ships that throng the docks from late March to early January. The port—which handles half of Canada's grain exports—was silent down by a strike and lockout leaving members of Lodge 650 of the Brotherhood of Railway, Airline and Steamship Clerks (BRAC) and six grain companies. And by Saturday the dispute, entering its third week, gave every indication of continuing indefinitely. "It's eerie," said a machinery operator at the port. "Suddenly no trains whatever, no machinery moving."

For Canada's 145,000 financially

troubled grain farmers, the shutdown was the latest setback in a problematic season. After two years of drought, farmers are harvesting a bumper crop a record 32 million tons of grain. But it is a harvest in search of a buyer. With world markets oversupplied, prices are plummeting—39 per cent for wheat and 26 per cent for barley just month alone. Overall grain prices are at a level 12 per cent lower than a year ago. Most Western farmers will either lose money or just break even on their crops. To add to their desperation, export markets are shrinking as developing countries gain self-sufficiency in food production. Although Canada has so far managed to maintain its share of that diminishing market—about 20 per cent—it faces increasing competition from heavily subsidized grain from the European Community (EC) and the United States. Those subsidies will be major item on the agenda when formal nego-

tiations of the 12-nation General Agreement on Tariffs and Trade (GATT) open in Uruguay this week.

Meanwhile, the Thunder Bay shutdown threatened to seriously disrupt the flow of grain to vital export markets—principally the Soviet Union, the Middle East and Europe. So over that, Charles Mayer, minister of state for the Canadian Wheat Board, last week asked the federal Grain Transportation Agency to bypass Thunder Bay, leasing special trains to take the grain directly to four Quebec ports along the St. Lawrence River. Although the trains handle less than 30 per cent of Thunder Bay's daily output for ships, they can temporarily maintain export shipments. Said Mayer: "Grain producers are already losing as low prices because of the previous international market. They can't afford to lose even one shipful of grain sales."

But Mayer's emergency reouting is

unlikely. I don't think it's possible to underestimate the economic impact. And [the Thunder Bay strike] is like rubbing salt into the wound."

The Lakeland dispute began on Sept. 3, when 500 grain handlers at the Saskatchewan Wheat Pool grain terminal set up picket lines. The five remaining grain-handling companies locked their gates, shutting out another 700 workers. Employees of the six firms (all members of the Lakeland Terminal Elevators Association (LTEA), have been without a contract since January 1985.

Last month federal amalgamation officer Vincent Ready recommended an \$800 bonus for each union member who signed the contract, coupled with a three-per-cent wage increase by January 1988. The commissioners accepted Ready's report, but the unions objected to another of his proposals that would allow firms to employ low-wage relief workers during the summer and to hire nonunion contractors to do plant jobs.

The two sides have talked since the strike began—and emotions are

running high. At one point, LTEA negotiator Stewart Martin, a Winnipeg lawyer, referred to union members as "fat cats who have got to thin down a bit before they're going to get hungry." replied union president Frank Manci. "These [unions] guys are fighting for their lives, their future."

Before Mayer returned to Ottawa last week, he had been gathering the wheat crop on his own farm near Carberry, Man. (He harvested a respectable 35 to 40 bushels an acre, but under current conditions that is barely enough to break even.) By week's end, a five-person emergency task force was monitoring grain movement across the nation. On Friday night alone, two trains with a total of more than 300 railcars loaded with grain passed through Carberry en route to Quebec. As Mayer told MacKenzie, "We have not lost any sales—and we are not about to."

But the problem of Canada's grain farmers runs deeper than a temporary blip in the market. Because of scientific advances, grain harvests have doubled since 1960—and the world is now producing more food that it needs. Food production is developing countries is increasing by more than three per cent annually—ejecting the rate of population growth. China, traditionally a major market for Canadian wheat, has dramatically increased grain production. India, which suffered a famine

last year, is agricultural support programs cost a staggering \$21 billion, 32 per cent of its total 1986 budget. To keep pace, Washington will pay an estimated \$32 billion over the next five years to lower the export price of U.S. wheat. In July the Senate voted to extend the sale of subsidized wheat exports to the Soviet Union and China. And last month President Ronald Reagan authorized the sale of \$8 million tons of subsidized wheat to the Soviet Union.

Canada has still managed to expand its share of the market. Last year, as the volume of wheat traded around the world dropped 17 per cent, Canada accounted for 19.7 per cent of world wheat exports—from 18.3 per cent the year before. Canada has maintained those sales because its wheat quality is high—and because it has considerably reduced prices to ensure sales.

Despite this year's bumper crop, an official in Mayer's office, who requested anonymity, said, that the Canadian Wheat Board will probably find foreign buyers for the entire harvest. "Let us maximize these markets, the price we take will be lower than we would like," conceded the official. Farmers now receive a guaranteed price of \$3.64 a bushel for wheat delivered to rural grain elevators—minus transportation and handling costs—a seven-year low. In Canada that wheat sells for \$7 a bushel to wholesalers. But on world markets the price of a bushel has dropped as low as \$3.30, and almost 80 per cent of Canada's wheat is exported.

The low prices have forced many farmers to miss the deadline for debt repayments. In Manitoba, the federal Farm Credit Corp. reports that 30 per cent of its 1,200 loans are in arrears. The Saskatchewan Wheat Pool surveys say that more than one-third of the province's 65,000 farmers are in financial difficulty. And the farms in the most financial trouble are usually owned by the youngest, the best-educated and the most productive farmers who invested heavily in new machinery when wheat prices were higher. Saskatchewan wheat farmer John Pihlman, 42, and his wife that banking executives had been overzealous in lending to young farmers in the late 1970s. The rookie fam-



Pickets at Thunder Bay: the latest blow in a long season of disaster

ies in the 1980s, now exports grain. And in July even Saudi Arabia signed a grain export agreement—with Sri Lanka.

As the oversupply has worsened, major grain sellers have become more competitive. The EC is the most aggres-

sive, its agricultural support programs cost a staggering \$21 billion, 32 per cent of its total 1986 budget. To keep pace, Washington will pay an estimated \$32 billion over the next five years to lower the export price of U.S. wheat. In July the Senate voted to extend the sale of subsidized wheat exports to the Soviet Union and China. And last month President Ronald Reagan authorized the sale of \$8 million tons of subsidized wheat to the Soviet Union.

ers borrowed money at high interest rates, bought land at inflated prices and invested in advanced equipment. "The theory there was that money had no value," Fakhim said. "Institution was going to get worse. It didn't—and it left them with huge debts and no equity."

Ottawa has made some attempts to provide assistance. Last April it paid out \$500 million through the Western Grain Stabilization Fund, a voluntary insurance program that reimburses farmers if grain falls below the average price of previous years. Then, on April 30 Ottawa introduced a \$16-billion package for Western farmers, including reductions in federal taxes as farm funds and deferrals of freight rates increases.

Wise's new program will offer counseling, job retraining and financial help to farmers forced to leave the land. Farmers will be eligible for \$1,000 in living expenses during the first month and income support of at least \$140 a week for a year afterward. "We have to recognize a reality not all farmers will survive," said Wise. "No one has had a helping hand. This is a helping hand." The action was welcomed in the West. Said Glen McClelland, research director for the Saskatchewan Wheat Pool: "I credit Wise for publicly admitting that all farmers can't be saved."

SOCIAL OTTAWA is under pressure to take further action. Last month provincial agriculture ministers asked Wise for at least \$1 billion in deficiency payments—decreed supported by all 10 provinces. And Western politicians will be watching closely this week when Prime Minister Brian Mulroney delivers a speech at Manitoba's Brandon University. Concerned by the size of the federal deficit, Finance Minister Michael Wilson last week said, "There is more to do in Canada than grain and oil." But Tory backbenchers have told Macleod that Mulroney is troubled by regional inequalities and that the speech from the three or Oct. 1 will contain more help for Western producers.

In the end, the farmers' hope for an enduring solution depends on the GATT negotiations. According to Clay Gibson, an agricultural economics professor at the University of Manitoba, Canada will have to convert the SO and the United States to some increasing support payments to reduce existing subsidies. "That's all we've got," Gibson declared. "Deficiency payments are not the long-term solution. We are temporary only so far."

MARY BANICKI with JOHN HOWIE in Vancouver and KEN McLELLAND in Ottawa

Masse's tax break

When Energy Minister Marcel Masse delivered his first major speech to the oil industry in Calgary last month, he disappointed many in the room. He did not mention the federal Petroleum Tax and Gas Reserve Tax (PFTGRT) or per-unit royalty on oil and gas at the wellhead that last week, before a hastily assembled group of owners of com-

panies he could expect complementary action from the province very soon."

Sources said Masse was also satisfied that the millions of dollars gained by the industry would be used to stimulate exploration for new oil and gas wells and oil fields—and itself to American land offices to pay share dividends. Masse reported to cabinet during its Sept. 1 meeting in Montreal that Ottawa's oil industry conditions would be met. That meeting broke up shortly before 5 p.m. Less than 30 minutes later a senior official in Masse's office telephoned Ian Smythe, executive director of the Canadian Petroleum Association in Calgary, to help arrange a luncheon where the minister could make his announcement. Said Smythe, "It's both practical and philosophically sound, the oil industry is extremely pleased."

The lifting of the PFTGRT, the last remnant of Pierre Trudeau's 1981 National Energy Program, will substantially increase cash flow among the nation's top 20 oil firms. Ottawa had offered similar exceptions

to smaller independent producers in April. The oil industry, however, hard-pressed Esso Petroleum, which by June had paid \$20 million in taxes last month, said that money help from Ottawa's government was essential. And while the producer's energy minister, Neil Webb, said that "no strings" were attached to the federal announcement, he told *WEEKLY*, "We're looking at a number of options to help the industry further."

Oilmen will now have to find ways of covering the lost revenues in order to meet the 1986 budget deficit target of \$29.5 billion. But Finance Minister Michael Wilson, scheduled to outline a solution in a major economic statement in Toronto this week, swiftly declared that a new retail surcharge on gasoline profits had a Masse side. "We went ahead because we had an agreement

MICHAEL ROSE is Ottawa



Masse with senator Doug Saseen after shaking hands



Masse (left) in Prince George: positive thinking and home-spun honesty

Off to a running start

A busy sailing, William Vander Zalm moves through his daily calendar from appointment to appointment—running hard and racing late. Since he was sworn in as premier of British Columbia on Aug. 6, the Social Credit leader has been faithful to the politico that got him elected. His first month as power has been an arduous one in populous—a whirlwind round of handshakes and press conferences with various bipartite. And his aides have all but given up trying to keep their boss on schedule. But with serious economic problems looming, there are questions about the direction in which Vander Zalm intends to take the province. In a speech to Vancouver's Board of Trade last month, he spoke to the difficulties about the economy and of how he planned to set "the scene and the track." Seconded by real estate agent afterward: "He still wants for the good."

Still, Vander Zalm's heady mix of positive thinking and home-spun honesty has inspired new optimism. A province that had grown dissatisfied with the sternly hard-line leadership of Premier Bill Bennett. There have also been recent results. Two weeks after being sworn in, Vander Zalm held serial 10-month contract talks between the government and striking members of the B.C. Government Employees Union. And he has brought the striking International Woodworkers of America back to the bargaining

table with the forest industry.

There are increasing signs that Vander Zalm plans to capitalize on the goodwill he has generated. He must soon decide whether to call a election to win a seat for himself in the legislature—or to call a general election. Whatever his decision, the premier's open, confident style of governing has raised expectations that could be hard to fulfill in an economy already beset by a 13.3-per-cent unemployment rate. Said Michael Walter, head of Vancouver's conservative Fraser Institute: "His success may create an under pressure B.C.'s leaving the impression that problems are behind us. That's always dangerous because, largely, governments cannot solve economic problems."

Invariably, Vander Zalm's first month in power has produced some quips. He angered many voters when he called for an investigation into therapeutic abortion, claiming that women were using it as a form of birth control. Vander Zalm, a staunch Roman Catholic, later backed down on his request but maintained, "More important to me is that it's controlled in a safe, efficient manner." Another involving Fantasy Garden World—the \$10-million botanical gardens and theme park he owns outside Vancouver—after he applied to a government committee to have the park removed from the province's Agricultural Land Reserve.

But the most serious problem on the premier's agenda is lumber, a vital industry whose exports to U.S. markets are threatened. Next month Washington's International Trade Administration will decide whether the low stumpage fees that Canadian lumber producers pay to the B.C. government to harvest Crown lands amount to an unfair subsidy. The preliminary ruling is expected to go against Canada, and B.C. loggers are already bracing for the worst: a 10-per-cent duty on their exports. Federal Trade Minister Pat Cleary last week asked Washington to delay any decision for six months—pending a nationwide review of forestry policies. Provincial officials have hinted that they are prepared to raise stumpage fees if it will forestall any U.S. tariffs.

An ardent advocate of free enterprise and minimal government intervention, Vander Zalm himself has already indicated that economic decisions will be based more on pragmatic political factors than on ideology. On the one hand, he has talked about lowering consumption taxes on beer and restaurant meals. On the other, he announced that the province will buy \$50 million of preferred shares in Canwest Ltd.—to help the Vancouver-based newspaper company construct a new \$200-million lead center in Trail, B.C. Said Marcel Robins, a political scientist at Simon Fraser University: "Vander Zalm is not concerned with redistributing. He's an old fashioned politician trying to be everything to everybody." B.C. voters will soon get a chance to say what they think of that formula.

JANE OTHABA is Vancouver

Mystery in a foreign land

When a committee of the Manitoba legislature began reviewing the performance of the Manitoba Telephone System early in July, the hearings were expected to be brief and uneventful. During the annual exercise, the public utilities committee planned to examine the company's spending and revenues and to question its shareholders on other policy matters. Instead, the legislators heard allegations of discrimination against women and Jewish customers, bribery and kickbacks—all involving three Telusco Services Ltd., a Manitoba Telephone subsidiary with operations in Saudi Arabia. And just weeks after the committee was given legal bearing testimony, the road breaking with emotion, Mackling told his colleagues, "There is no question in my mind, and I regret this very much, that information was correct three years ago about allegations of wrongdoing."

Mackling said that cabinet ministers had not been aware of allegations of corruption before this summer. But the charges have severely embarrassed the New Democratic Party government of Premier Howard Pawley. During the hearings, a Conservative member of the committee, Donald Givord, used information contained in a sworn affidavit from a former Manitoba Telephone employee to grill company executives day after day over their subsidiary's activities. Then, in an effort to prevent the government of executive's a cover-up, Mackling rejected opposition demands for a public inquiry. But he did agree to an investigation and asked the RCMP to investigate. As well, he commissioned a report on the company by the international consulting firm of Coopers & Lybrand.

The troubles at MTSS began mere days after its formation in 1985. In its annual report that year, provincial Justice Willis Ziegler said that Manitoba Telephone had overstepped its legislative authority by forming MTSS to market Manitoba communications technology overseas. Soon after its incorporation, MTSS entered the Saudi market as Saudi Arabian Datacom

Ltd. (SADL), award jointly with Sheik Abdallah Abdul Aziz Al Saoud, son of one of the Arab kingdom's oldest trading families. The financially troubled company gained more notoriety in July when the Conservatives accused it of discriminatory hiring practices because it competed with a Saudi law pro-

secuted bribe and kickbacks to SADL customers. In the affidavit, former MTSS employee Jim Ferguson said that Ayman had instructed him to deliver "several white envelopes" containing a total of \$10,000 to an official of the Saudi American Bank in connection with unspecified business dealings. As well, Ferguson and SADL gave a total of \$100,000 in kickbacks to Samy Barakat, an American consultant for the Royal Bank, and assured Ayman of paying up to \$100,000 to expedite customs clearance of computer equipment in Saudi Arabia. Ferguson's affidavit also said that Ayman's wife, Shireen, broke Saudi law by working as a bookkeeper for the company. For that offense, and for working there, Muslim prayer beads, Saudi armbands and named Ferguson and five other employees.

His charges were supported by a second affidavit sworn by Stewart Payne, a St. Petersburg, Fla., computer software salesman who worked for SADL in 1982 and 1983. Payne wrote, "Ayman instructed me to build into the cost of each project sufficient margin to enable us to pay our respects"—a euphemism for payoffs.

Ferguson, who left his job as an office systems manager for Manitoba Telephone last month, said that when he returned to Canada he tried unsuccessfully to raise the issue of kickbacks with senior company officials, including vice-president Maurice Prevostier. According to Ferguson's affidavit, Prevostier told him "everything is going well as MTS—that is the end of the story." Gordon Holland, president of Manitoba Telephone, insisted he wasn't told of the alleged kickbacks. And Pawley says the information never reached the minister responsible for the company at the time, Stewart Baker.

After his demands that the government set up a public inquiry on the sex of other national Conservative leaders, Gary Filmon finally got to see the legislature wrap up its summer session last week. But the committee will hold at least three more sittings after Coopers & Lybrand submits its report in about two weeks. With that in mind, Pawley seemed to have halted the controversy just outside the cabinet door. But an aide senior government official said last week, "There will be a few people looking for jobs once this is all over."

—MARTIN ERICKSON AND DOUG SMITH in Winnipeg and DALEKA TUMBLE in Riyadh



Mackling: Ayman (below) political embarrassment

halting the employment of Jews and women.

Even more explosive allegations followed. On Aug. 12, Ovaloff submitted a 12-page affidavit claiming that the general manager of MTSS' Saudi operation, Michael Ayman, 45, had routinely



—MARTIN ERICKSON AND DOUG SMITH in Winnipeg and DALEKA TUMBLE in Riyadh

Jet-fighter politics

The slide projected on the wall featured an industrial building with the words "CF-18 Engineering Services Centre" painted prominently on its facade. In a darkened conference room at an engineering firm's Montreal-area headquarters, Donald Lowe, Canadair's program director, pointed at the image and went on: "That's the way we think things will look soon." The polished slide show is part of Canadair's ambitious attempt to win a contract worth more than \$1 billion to service and maintain Canada's 138 new CF-18 jet fighters over the next 30 years. "We are certain we are the best," said Lowe. "But we are not yet certain we'll have the chance to prove that."

Two other contractors are also bidding for the most lucrative contract of its kind in Canadian history. The competition—between Canadair, Bristol Aerospace Ltd. of Winnipeg and Halifax's MPF Corp. Ltd.—begins with Ottawa's call for tenders in August, 1988, and an undertaking that the winning bid would be announced last April 1. But that deadline passed without a decision, partly because of infighting among politicians and bureaucrats from five previous Federal officials say no new deadline for a decision has been set. In the meantime, critics charge, the technical merits of the competing tenders have been overshadowed by politics.

In the case of MPF, an interdepartmental government review committee has ruled out the company's bid on technological grounds. MacLean's has learned that on Sept. 5, one president Kenneth Rose submitted a letter to Prime Minister Brian Mulroney complaining Ottawa appeared to be ignoring his company in favor of the other contenders. Last month, the government and MacLean's "We happen to be low bidder. But do you want to let me whether we're going to get the F-18?" We're Atlantic Canada. We don't have the political influence that other parts of the country have."

Officially, several government departments said privately last week that the Bristol bid was clearly the best—because of both cost and technical factors. However, strong political pressure from Quebec and a personal appeal from Premier Robert Bourassa to Mulroney have delayed the decision in a meeting Sept. 3 with the Prime Minister, Bourassa and that Canadair needed the contract to help Quebec retain its role as leader of Canada's aerospace industry. That appeal has been supported by a wide coalition, in-

cluding the Quebec Liberal caucus, said Lowe. "We would not expect to make much money from this, but the spin-off technology would allow us to take a leadership position in the worldwide industry."

In fact, revenues from servicing the plane are almost secondary. The com-

A polished slide show is one part of Canadair's ambitious attempt to win a CF-18 contract worth more than \$1 billion

pany that will be the contract will benefit from the Americans' secrets of some of the world's most sophisticated aircraft. The price, experts say, is worth millions of dollars in research and development. So eager is Canadair to win the contract that when the Crown-owned company was sold to Montreal-based Electro-Matic Inc. last month, new owners swiftly offered Ottawa an up-front payment of \$4 million—or a one-per-cent royalty, worth more than

\$18 million over 30 years—if Canadair wins the CF-18 contract. If it fails, a senior ministerial aide said in an interview this week, Canadair has told Ottawa that it may be forced to pull out of the aircraft design business.

In Winnipeg, Bristol executives have remained silent about the growing chances to claim the \$1 billion in sales of Health Lake Egg, the Manitoba company that supplied the British east coast's first, but failed, chicken on the market. Pat Williams, chairman of the Winnipeg Business Development Corp., said, "The risk is this will not be decided on merit. Quebec politicians are trying to make this a political issue."

Still, the losers may emerge with some compensation. Other contracts are already under discussion, including maintenance contracts for the older, less sophisticated CF-5 jet fighter, which Canadair built in the early 1960s, as well as contracts for producing external fuel tanks for the CF-18. But defense department officials privately criticize what they consider to be political interference in the process. Said one official: "We haven't seen it this intense for some time."

—ANTHONY WILSON-ENTER in Montreal with DOUG SMITH in Winnipeg, MASC CLARK in Ottawa and CERES WOOD in Halifax

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Bravado and deception

They carried banners displaying the national colors red, white and blue. Some held portraits of the general's mother, while others chanted "Máno dares Pinochet"—strength-arm Pinochet. As thousands of Chileans paraded past the reviewing stand in downtown Santiago last week, Chilean President Augusto Pinochet smiled self-satisfiedly and waved. But the show of support to mark the anniversary of the military coup that overthrew the democratically elected government of Marxist President Salvador Allende 13 years ago was deceptive. Since early this year the call for the general to step down and allow a return to democracy in Chile have been increasing. Only two days before the rally Pinochet escaped an assassination attempt that severely undermined the 59-year-old dictator's image of invulnerability. And many at the rally were government employees ordered to attend. Said one Santiago municipal employee: "The mayor told us we had to show up—or face discharge."

The attack by members of the Manuel Rodríguez Patriotic Front, a guerrilla group linked to Chile's Communist Party, took place on the evening of Sept. 7. As the general was travelling from his country retreat to the Andes foothills to the presidential palace in Santiago, armed gunmen suddenly opened fire at his car, inside with rifles, grenades and rockets. Five of his bodyguards died in the Sunday night ambush—the first reported assassination attempt on Pinochet during his 13 years in power. But the general emerged apparently unbroken—and determined not to give in to democratic calls for democratic reform or to international pressure, mainly from the United States. Instead, he declared that Chile was "in a war between democracy and chaos—people don't realize the danger we are in." Then he announced a state of siege in the South American nation of 12 million people.

That emergency is the second one



Demonstration in Chile: a slide of stage, but for some it has turned into a reign of terror

imposed in two years. It enables Chilean officials to impose censorship and arrest people for up to 80 days without legal formality. As well, detainees can be tortured to extract secrets of Chile or expelled from the country, and the civilian courts are powerless to intervene. Pinochet claims that the

usual for most people." But, she added, "the whole mood is absolute control by the military—they are all over the place."

The crackdown has been felt most intensively by the Chilean opposition and the press. At least 57 people—including Ricardo Lagos, a U.S.-educated

lawyer, who witnesses said identified themselves as journalists, dragged the 36-year-old journalist from his Santiago apartment. Casanova's body, with at least 10 bullet wounds in the head, was found that afternoon at the edge of a Santiago graveyard.

Government spokesmen have denied any complicity in either Casanova's murder or the slayings of the other seven last week. But many Chileans greeted that claim with skepticism. Some even said that the assassination attempt had given Pinochet a convenient excuse to silence an increasingly vocal opposition. Still, the president's stated concerns about the opposition's strength may be premature. For one,

commented: "There is a disconnection with the political class. We have been good at saying no to Pinochet and not saying yes to the alternative." Added one member of the Christian Democratic Party, one of the major opposition parties: "There is no one capable of finding creative ways to outmaneuver Pinochet. The day that he falls, I just pray that democracy lasts at least 24 hours."

At the same time, the opposition has been hampered by its tenuous relationship with Chile's powerful Comandante Party and the guerrilla groups linked to it. Earlier this year the Democratic Alliance began talks with the Comandante about co-ordinating peaceful demonstrations against the Pinochet

regime. But the United States has little direct influence over Chile. Washington has provided as military assistance to the Pinochet regime since the mid-1970s and has given an enormous aid since the late 1970s. But Washington may be able to bring some economic pressure to bear this October when the World Bank will consider a \$34-million loan to Chile—the first of a series to total \$83.4 million. Although Washington cannot directly veto loans by the United Nations' financial agency, votes on approving the loan are weighted according to the amounts contributed by member countries to the bank. The United States, with the largest voting bloc, could be influential in delaying or blocking the loan.

Since July Reagan administration spokesmen have signaled that they will demand substantive concessions in return for the loan. Last month White House spokesman Larry Speakes issued the latest warning, saying that Braxton was assessing "all relevant factors, such as human rights performance," before deciding how to vote on the loan. But Pinochet has reacted to Washington's position with characteristic toughness. One U.S. official said last week that the general's response to U.S. representatives has been that "he will sit Chile's course without advice from anyone else." Pinochet is also reported to be weighing the possibility of defaulting on Chile's \$25-billion foreign debt if the United States votes against the loan. With his armed forces in control of the country, the general has clearly shown that he will not waver to threats from within—or from without.

—PETER KOPFELM with MARY HELEN BROWN in Santiago, WILLIAM LOWTHORPE in Washington and MARIA UNDERWOOD in Toronto



Pinochet with his wife, María Luisa, radiating with characteristic toughness

measures are necessary to protect Chile from a Communist insurgency. In August, authorities put on display a cache of rebel arms reportedly seized in northern Chile. As well, one of the vehicles destroyed during the Sept. 7 attack on the general was placed in Santiago's Plaza de la Constitución. Its scorched shell is a stark contrast to the ornate buildings that line the square. For most Chileans, however, the measures are necessary to protect Chile from a reign of terror. Last week police conducted searches in one of Santiago's shantytowns, burst into a mission run by three French Carmelite priests. The clerics were arrested, then expelled from the country. José Carvano, foreign editor of the leftist news magazine *Analista*, suffered a bloodier

attack. On Sept. 11, the actual anniversary of the 1973 coup, Pinochet also noted his anger against the United States

and the Democratic Alliance, a coalition of centrist and right-wing parties and the country's main democratic political organization, had tested the coherence to form a united opposition to the general. And that clarity has diminished the organization's appeal in many ordinary Chileans.

A survey released last spring by Santiago's Latin American Faculty of Social Sciences found that 73 percent of Chileans said they favored fundamental changes in their country's leadership. But 55 per cent said that they were "indifferent, bored or antagonistic" toward politics. Many opposition leaders acknowledge that they lack credibility. Earlier this year lagos

regions. But that strategy failed and further damaged the democratic opposition's credibility, especially among conservative Chileans. The result is late July, during a two-day general strike, leftist guerrillas were responsible for attacks on power generating stations, bases and police posts. That violence allowed Pinochet to undermine support for the opposition by claiming that the protests had created "those who call themselves democrats with the anti-democrats and the terrorists."

In a televised statement on Thursday, Sept. 11—the actual anniversary of the 1973 coup—Pinochet also noted his anger against the United States



Perez (left) and Mubarak; Shafiq (below) 'more open than ever before'

MIDDLE EAST

Forward to 'a new era'

Uttil just a few hours before, it was uncertain that the long-awaited summit would even take place. And few analysts expected more than vague undertakings to emerge. But when the leaders of Israel and Egypt met last week, for the first time in five years, in the Mediterranean port city of Alexandria, they produced an unexpected outcome. Emerging smiling and relaxed from several hours of talks held over two days in the ornate 19th-century Ras-el-Tin palace, Egyptian President Hosni Mubarak and Israeli Prime Minister Shimon Peres jointly declared, "a new era" in their countries' troubled bilateral relations. Pledging to seek a solution to the Palestinian problem "on all its aspects," they designated 1987 as "a year of negotiations for peace." As a concrete first step, they announced the setting up of a committee to prepare for an international Middle East peace conference.

Relations between the two countries had deteriorated since their leaders signed the historic Camp David peace agreement in 1978. But Peres was determined to achieve a diplomatic breakthrough by meeting Mubarak before returning over the prime minister's shoulder to Tunis, where his partner in Israel's coalition government went south. At the same time, Mubarak was under pressure from the United States to restore the Camp David spir-



Shafiq (below) 'more open than ever before'

After Sadat, by Moshe Arens in October, 1986, he had sought closer relations with Israel. Mubarak wanted to repair his country's relations with other Arab leaders who were outraged when Sadat broke ranks and agreed to peace talks with the Israelis in 1977. In 1986, he resisted the Israeli invasion of Lebanon, Mubarak rebuked Egypt's ambassador from Tel Aviv, and the Taba dispute has also strained relations.

But the Americans pressed Cairo to proceed with the summit, and US special Middle East envoy Richard Murphy helped to clear the obstacles at the preparatory discussions. Egypt depends heavily on the United States—receiving \$2 billion a year in aid—making US pressure hard to resist. Still, agreement on the Taba arbitration formula was not reached until just 10 hours before the summit was due to begin.

Peres, too, faced domestic opposition to the summit. Some Israeli—especially members of the right-wing Likud party, which governs with Peres's Labor Party in an uneasy national coalition—said that he should not participate. Doi Shulman, a Likud member of the Knesset, complained that a summit would be the result of nothing more than Peres's "wristy ways to move the Egyptian president before he hands over the premiership to Shafiq." And former Likud finance minister Yitzhak Arad said that Peres was compromising Israel's interests in order to earn his premiership with a summit meeting.

In fact, the perception of Peres as a prima donna who wanted all the pageantry associated with a summit with an Arab world recently caused a major rift in the Israeli cabinet. In the wake of the Sept. 6 attack by two Arab gunmen on a synagogue in Istanbul, Turkey, in which 31 Jews died, Likud Minister for Industry and Trade Avi Shilon declared that Peres's consultancy had been "interfered with" as Israeli weakness and invited the representative of the Palestinian terrorist "Army of Islam" to present his demands to the prime minister.

Some observers claimed that the Egyptians were using the dispute to prevent the summit from taking place. For Mubarak, a meeting with Peres posed problems both domestically and with the rest of the Arab world. Since the assassination of his predecessor,

of any Arab-Jewish reconciliation. To make certain that Peres did not make major concessions at Alexandria, the Likud insisted on an urgent inner cabinet meeting before he left, and a Likud party member accompanied him. The Likud members of the cabinet may still set back the progress that Peres and Mubarak made. When Shafiq takes over from Peres under the terms of their coalition agreement, Jerusalem's policies on contentious Arab-Israeli issues may become far more inflexible.

The talks succeeded largely because of what insiders described as good personal chemistry between the two leaders, who had not met before. On the first day, Peres and Mubarak spent three hours alone. When they joined their aides for dinner on an open balcony overlooking the Mediterranean, they were clearly in a jovial mood and their swapped jokes and anecdotes fit at least one definition of diplomacy.

Palestine Liberation Organization leader Yasir Arafat may have provided another reason for success. His confounding refusal to accept UN's Middle East resolutions, which would imply recognition of Israel's right to exist, has irritated and disappoined Mubarak and other moderate Arab leaders such as Jordan's King Hussein. As a result, the Egyptian president may have found it easier to sit down at the negotiation table with Peres—and emerge with concrete plans for further discussions.

But the main achievement of the meeting—the proposed international peace conference—appeared to cause concern in Washington because it would likely involve the Soviets. "This puts [Peres and Mubarak] way ahead of the Reagan administration," said Phil Stoddard, executive director of the Washington-based Middle East Institute. A senior state department official added, "I don't see a helpful Soviet role in an international peace conference unless Soviet policy and attitudes in the Middle East change."

The possibility of a Soviet role will be one of the items for discussion when Peres visits Washington this week before traveling to Canada to talk with all three party leaders in Ottawa. In the past few months he has already achieved notable success by meeting with King Hassan of Morocco, an optimistic Peres said that Egypt, Jordan and Morocco now openly support direct peace negotiations between Arab states and Israel. Said Peres: "I feel the road is more open than ever before."

JOHN RIEFFEN with ADAM KERBER in Alexandria, DAVID GOODMAN in Jerusalem and IAN AUSTIN in Washington

PAKISTAN

Fallout from a bloodbath

Hassan Shah has trouble sleeping. Days after he emerged unscathed from the bloody hijacking of a Pan Am jet in Pakistan two weeks ago, Shah, a 20-year-old Tucson laboratory technician, said, "The part—the screaming, the shooting, the crying—haunts me." Still in Karachi, he added that it was even afraid to fly home to Tucson alone. In Karachi's Aga Khan hospital, the other



Shafiq (right) with wife, Ranjan, and grandchildren in Toronto

two Canadians, Aarif Golamani and Shehzad Bhutto, both 33, who had been returning to Toronto from their honeymoon, lie with bullet wounds in their arms and legs. "I promised my wife when we met," said Golamani, "that one day I would take her to Palestine to see her grandfather's home. Now she says she will never come back." Bhutto refused to talk about the ordeal faced by his husband. "It's going to take a long time to heal."

By late last week the death toll had risen to 22, with about 120 people injured. Most survivors of Flight 73 left Karachi within a few days of the hijacking. But Talghatuddin Doshi, a 36-year-old British sales agent from Nottingham, Ont., who was splattered with blood but unharmed, said that even as the special Pan Am flight to Europe and New York "everybody was nervous—many of the women were crying." Pakistani President Mohamed Zia ul-Haq said that the captured gunmen would be tried in Pakistan and, if convicted, would face the death penalty. He dismissed charges by some survivors that after a failed general audience the cabin lights, leading the gunmen to open fire, up to 15 minutes passed before Pakistani commandos stormed the plane.

Authorities still did not know what group the gunmen represented. Two factions, the Libyan Revolutionary Cells and the pro-Iranian Soldiers of

PAKISTAN

Democracy in waiting

The message on the wall running along rue des Pères Puits in downtown Port-au-Prince is clear in Creole, a graffiti artist has written: *Baudouin à tomber*; the man has fallen. Since a groundswell of popular agitation forced former presi-

dent Jean-Claude "Baby Doc" Duvalier to flee Haiti last February, a new era of consciousness has replaced the silent resentment that existed in Haiti for almost 30 years. But many Haitians say that the revolution is only beginning. They charge that the military junta, headed by National Council of Government (Conseil National) chief Lt.-Gen. Henri Namphy, is doing little to alleviate the country's grave economic and social problems—and even less to dispel the legacy of the corrupt and ruthless regime established by Duvalier's father, François (Papa Doc). Said Robert Duron, president of the League of Former Political Prisoners, who spent 17 months in prison in 1976-77: "These people are the residue of the Duvalier system."

Many Duvalier bureaucrats maintain both their positions and inflated salaries, reinforcing the negative image of Namphy's government. At the same time, life for most Haitians remains a routine of grinding poverty handed down from generation to generation. Most of Haiti's six million people live in less than \$200 a year. Life expectancy is less than 55 years—compared with Canada's 75—and the infant mortality rate is as high as 128 per thousand. After the fall of the Duvaliers, many Haitians expressed the hope that a democratically elected government would help solve the country's problems. And when Namphy assumed power, he fueled those hopes by day-



Street vendors in Port-au-Prince. Namphy (below) reaching the threshold

ing any political ambitions—and plotting to bring democracy to Haiti.

But on July 11 he postponed elections until February, 1986—indicating that Haitians must first learn how to live in a democratic society. Critics

said far-left Jean-Claude (Baby Doc) Duvalier to flee Haiti last February, a new era of consciousness has replaced the silent resentment that existed in Haiti for almost 30 years. But many Haitians say that the revolution is only beginning. They charge that the military junta, headed by National Council of Government (Conseil National) chief Lt.-Gen. Henri Namphy, is doing little to alleviate the country's grave economic and social problems—and even less to dispel the legacy of the corrupt and ruthless regime established by Duvalier's father, François (Papa Doc). Said Robert Duron, president of the League of Former Political Prisoners, who spent 17 months in prison in 1976-77: "These people are the residue of the Duvalier system."

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—ANNEKA DWEER = Port-au-Prince

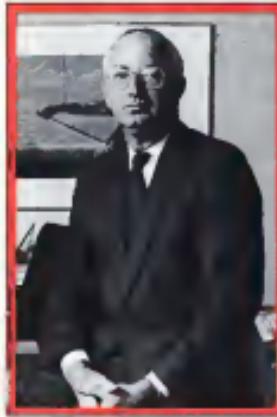
conclude that, in a society with no tradition of democracy, the task is haltingly starting a new sense of freedom. But they charge that the government is reluctant to dismantle the Duvalier system—and is even countenancing some of its repressive tactics. Last month soldiers beat up a student, René Jean Claude, during a speech in which he declared that the CNS was no different from the Duvalier regime.

Namphy's frustration with the new government is also felt by returning exiles, some of whom have come from Canada. Montreal physician Louis Key, 55, returned to Haiti in May after 27 years in exile. As president of the Red Cross in 1969 he had protested the treatment of political prisoners under François Duvalier. In response, Tontons Macoutes, Duvalier's security police, beat up Key's house, killing his five-year-old son. Key said recently in an interview: "Haitians want the option to live in a free society."

Since July 11, 12 political parties, including the Government Party, have requested legal status, each suggesting that it can successfully lead the country. Explained Social Christian Party leader Grégoire Laplante: "After seeing a man like Jean-Claude Duvalier make the second longest-serving president, everyone thinks he can run the country." But some Haitians say that they are concerned about excessive US influence on the government. Washington has sharply increased its aid package to Haiti this year to \$8.8 million compared with \$1.8 million last year. Said Key: "Everyone is afraid that the government is drawing as toward protetted elections. The Americans cannot accept a party that is even a little anti-American, just as the CNS cannot let a party that is against the way they power."

But the impoverished agricultural and fishing sectors, Haitian cities and towns, a mass of unemployed, daily grow. The great divide between rich and poor still exists. Sun-scorched villages nestle along the green hillsides of Port-au-Prince suburbs of Le Bout and Marne Calvaire, while in the dusty streets of the capital mothers wash their children in the waters of the gutter. US coast guards have interrupted refugee boats since August, as Haitians continue their flight from poverty. Said Louis Ménard, leader of the Rally of National Progressive Democrats: "We are not very far from the threshold of tolerance." Added Jackson Noel, spokesman for the Movement in Haiti: "Nothing can guarantee that the situation will not generate some kind of violence."

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Spectre of a crash

SPECIAL REPORT: THE ECONOMY

Stock markets from Vancouver to New York, London and Tokyo collapsed last week in the most dramatic fall since 1929. Is the aftermath, Maelström's Sonne-Winter Mark Nichols called on a broad network of correspondents to ensure the cover and the underlying economic strengths and weaknesses of the industrial nations that support the markets. His report.

THE first tremors were felt in Tokyo and London as bond prices on the cities' stock exchanges suddenly began falling. Then, when trading opened on North American markets later that day, the data gauged awesome strength. "The market started down right at the opening," said Lawton Briley, a manager in charge of stock trading for Salomon Brothers Inc.—one of Wall Street's leading brokerage houses. "At Thursday's crash at the New York Stock Exchange (NYSE),

"Then it was just like a forest fire. People who would have been buyers just sat on the side and watched as sellers tried to unload their holdings. It was like a stampede." When the New York market shut down for the weekend, the massive selling had stripped a total of 161 points from the Dow Jones industrial average which closed at 1,258.32, after the worst two-day point decline since the 1938 stock market peak of 1929. The panic spread through stock exchanges around the world—including Bremen, Montreal and Vancouver—wiping billions of dollars off the value of stock shares as investors reacted to uncertainties over forecasts for the performance of major industrial economies.

By every measure, it was the worst market shakeout since 1929. It was also the most difficult period for traders and managers since the start of a sustained bull market four years ago. And many investors began to consider the unthinkable: could a serious crash occur again? Only a week before, the Dow Jones index had reached a record 1,819 points, and some analysts pre-

dicted it might even pass the 2,000 mark for the first time. Then, rising yields on U.S. Treasury bonds began to fuel warnings of a possible renewed round of inflation and increased interest rates.

Downturn: In Tokyo, where affluent Japanese investors have driven up stock prices in recent months, the closely traded Nikkei Stock Average dropped 18.528.32—the biggest one-day drop in the history of the Tokyo Stock Exchange. At one point, miners except the exchange that President Ronald Reagan had suffered a heart attack. On the Toronto Stock Exchange, the TSX's composite 300 in-

dex opened at 3,096.12 on Thursday and finished the week 105.5 points lower—in its sharpest downturn since March, 1986. In Vancouver the market fell 30.97 points in 48 hours to close at 1,149.65, and in Montreal the drop was 55.39 points for a final close of 1,937.38.

Standing at his customary post on the floor of the Toronto exchange, veter-



Mundell (above): New York Stock Exchange trading floor; divided opinions on the economy and panic selling



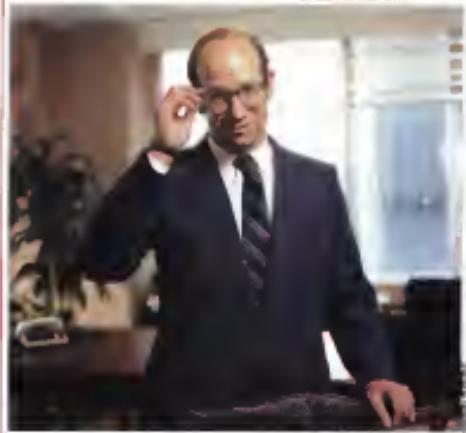
with the New York investment house of Carroll McNamee & McKinley Inc. "The undercurrents of inflation are very troubling. The stock market is reacting to all that."

Strength: But some economists predicted on the weekend that the persisting U.S. economy is in fact entering a period of strength, which could lead to a market recovery. One of them, Kingstons, Ont.-born Robert Mundell, an economist at New York's Columbia University, said that the American economy in the past 18 months had passed through a "growth recession," a period of slow growth that might as well be as growth. Now, added Mundell, a Reagan adviser, the United States is "perhaps on its way out of the recession. The outlook is good, not bad."

Other analysts said that despite a sharp increase in the U.S. money supply, intended to fuel the economy, the United States could still slide back into a recession. Energy firms have been weakened by low oil prices, and low-case foreign competition has eroded the country's manufacturing base. At the same time, the merchandise trade deficit ballooned to \$702 billion July, and the gross national product grew by only 0.6 per cent in the second quarter of the year—the smallest increase in four years. "We are at one of those critical junctures in economic history," said Paul Volcker, chairman of the U.S. Federal Reserve Board, "where we will either take some steps together to move forward, or we will risk sliding backward."

However: The market collapse began with a run on Wall Street. On Wednesday, Sept. 16, an anonymous source in Washington told Wall Street traders that the commerce department's retail sales report on Friday would show a 2.5-per-cent increase for August. Another source, apparently as official with some knowledge of government secrets, added that the labor department's producer price index would register a 0.6-per-cent increase. Those figures indicated that the economy was growing at a much faster pace than experts had forecast. Traders pay close attention to economic reports, and when they are sharply different from their expectations, this can cause havoc in the markets. Said Stephen Roth, senior economist at Morgan Stanley & Co. in New York: "I tend to think there was some advance information. The two looks really did add some relevance to what happened and had been called 'rumor mongering.' In the end, the figures proved to be high."

But overnight, traders in Tokyo began furiously selling bonds and stocks as they reevaluated their investment portfolios to take account of the numbers. When the markets opened in



Worried: Goldfarb, (below) worst two-day point decline since the 1929 crash

London, then New York, Toronto, Montreal and elsewhere, they broke into instant chaos. On Wall Street, Robert Ludwig, a trader with Salomon Brothers, told a caller, "They've never seen anything like this, than I can tell you." And in the late afternoon trading on Thursday, another trader at a major U.S. securities firm told a caller, "Let me tell another 200 million, and then I'll talk to you."

Swings: Now firms faced the collapse and new phrases became commonplace. "Program selling" drove the price down at an unshakable rate. That kind of sale is possible because the 500 stocks that make up the Dow Jones index and their futures contract are really the same thing at two different prices. Traders make money by selling the more expensive—futures—and buying the cheaper. Sophisticated computers are programmed to begin selling shares of the 500 stocks whenever the price of the futures contract becomes low enough to make futures attractive and the stocks less lucrative. The computer au-

toms of the computers can cause massive swings in the market.

On the weekend, speculators had introduced another new term to the language of the stock "trading wheels": Stock index futures contracts expire at the end of each quarter—on Friday for the third quarter. On that day the price of the contract and the price of the underlying stocks have to become equal. The rule applies to three categories: futures contracts, stock indices, options on stock indices and options on stocks. Big investors have to get out of these contracts by the trading-wheels day, and some analysts say that sales in anticipation of Friday's transactions may have added to the slide.

Long before the danger signals began flashing across the floor of the NYSE last week, some economists were drawing parallels between current U.S. economic trends and those that preceded the stock market crash of 1929. They included heavy inflows of foreign capital, soaring levels of debt and growing protectionist pressures on the Congress.

The Canadian economy, always heavily dependent on U.S. trends, has been relatively stable. Driven by a boom in housing starts, Canada's gross domestic product (GDP) rose by 0.8 in the second quarter, fractionally above the U.S. level, and an improvement over the first quarter's 0.6 per cent.

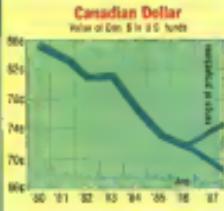
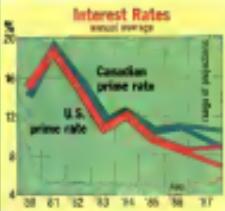
Dismay: But there were also several negative underlying trends. Business spending on new plants and equipment fell in the second quarter, partially reflecting the damage suffered by the Canadian petroleum industry as a result of lower oil prices. As well, Statistics Canada reported a merchandise trade deficit of \$87 billion in July, the first for Canada in a decade.

Canada faces other, more chronic problems. Glutted world markets have flattened the mining industry by driving down the prices of minerals and other commodities. At the same time, North American steel, equipment and auto manufacturers have seen their markets rapidly eroded by low-cost Pacific Rim competitors such as Japan, South Korea and Taiwan. The resulting economic dislocation has triggered layoffs, declining profits—and in some cases, new efficiencies for surviving "knowledge" industries (page 34). The impact is barely apparent in wages. "If you live in Ontario," said Carl Beck, chief economist of the Toronto investment firm Dominion Securities Pacific Ltd., "nobody is saying, 'Why are people taking such rents now?' But if you go anywhere else in the country, you realize there are tough."

Blooms: At the same time, there is growing concern about the indebtedness that is being accumulated at every level of North American society. In the United States the credit-market debt of families, businesses and governments totalled \$8.2 trillion at the end of 1985; in Canada it was \$861 billion. "At some stage," warned Charles Whisstock, chief operating officer of the Winnipeg-based investment firm of Richardson Greenhields of Canada Ltd., "the level of debt is going to prove to be a very severe blow to the economy." Norman Robertson, chief economist at Pittsburgh's Mellon Bank, said that if "debt continues to grow faster than gross national product, as it has done since early 1982, then sometime early in the next century we would be borrowing the whole country simply to pay interest on the debt."

The personal debt carried by Canadians is currently running at about 17 per cent of annual after-tax income, about the same level as in 1980. By the same measure, personal debt in the United States is 19 per cent, the highest

IN THE SHADOW OF A GIANT



SPECIAL REPORT

est since 1972. At both the consumer and corporate levels, the increase in debt has been encouraged by the growth of the financial services industry. That predilection is in the economy of a sector that manipulates capital to maximize profits, not people while producing no goods or services, some observers. "We know things are signaling trouble," said Berle. But notwithstanding, wealth is going up. People are finding that through proper financial management, they can carry larger amounts of debt.

Showdown: Experts are also concerned about the proliferation of leveraged buy-out firms, in which acquisitive companies, using borrowed money, take over asset-laden firms. In the United States last year, 118 major leveraged buy-outs involved \$13.3 billion, while there were another 30 with a total value of \$1.7 billion in the first six months of this year. As a result of takeovers and mergers, Henry Kaufman said in an interview, "the equity base of all corporations is contracting. Because debt is increasing, we cannot afford to have an economic slowdown, because those debt obligations would be tested."

DOW JONES INDUSTRIAL AVERAGE



Many institutions have already suffered because of unpredictable debt loads. Across the United States, levels of bad debts have already sharply reduced profit levels and triggered a rash of bank failures. Nearly 200 American banks have failed in the past two years, and another 35 have collapsed so far this year.

Losses: Among the chartered banks in Canada, a total of \$1 billion in non-performing loans have also seriously undermined profitability. The main anomaly seems to be in the Montreal-based Royal Bank of Canada, which has a current total of \$2.7 billion in non-performing loans, most of which are overseas and in the energy sector.

But government debt has been by far the fastest growing. The US fed-

eral deficit reached \$38.6 billion in the first quarter of 1988. But that trend may stop because of legislation passed by Congress last year—and referred to by the name of its principal sponsor, Senator Edward M. Kennedy of Massachusetts. The legislation mandates a reduction of the deficit to \$14 billion by next year. But, in July, the Supreme Court ruled that the law's automatic budget-cutting mechanism was unconstitutional. Said Martin Mauro, senior economist with Merrill Lynch Economics in New York: "In classical Keynesian terms, this is the wrong thing for Gramm-Rudman."

For Prime Minister Brian Mulroney and the Conservative government, political and economic pressures could also ride-tracker a deficit-cutting campaign. Last month Finance Minister

everywhere have become increasingly active in taking measures to prevent collapse of financial institutions. "No one is going to allow the banks to collapse," said Charles Kindelberger, professor emeritus of economics at the Massachusetts Institute of Technology. "If the Third World does goes sour, the governments will step in. If people know they are going to be taxed, they will take even greater risks."

Aliing: One of the greatest conceivable problems facing industrial economists is the U.S. trade imbalance and the protectionist pressures arising because of it. Washington is putting increasing demands on other industrial nations to help rejuvenate the ailing American economy. According to Earl Rederman, chief economist at Tarnow's Central Trust, the United States has carried most of the burdens of recovery from the 1981-82 recession. Said Rederman, "The question is how much more can it be expected to carry in isolation." Congress could ultimately run out of patience with the national deficit and, by imposing punitive, across-the-board tariffs on all foreign goods, bring about a disastrous breakdown in world trade.



Michael Wilson announced that Ottawa had succeeded in reducing the fiscal 1988-89 deficit to \$38.5 billion, well below the previous year's total of \$3.3 billion. But with Ottawa's sights now directed at the federal election expected in 1989 and the regions outside of central Canada needing federal aid to help revive their economies, Wilson may be under pressure to let federal spending rise again.

At the same time, governments evi-

that possibility is likely to recede if the U.S. economy shows signs of making a strong revival. But so far, the mixed signals from the world's largest economy have led economists to conclude that, at best, growth this year will be modest—in the two-to-three-per-cent range—and only slightly better in 1989. But many also predict renewed inflation and higher interest rates. In the meantime, last week's Black Thursday made the leaders of every industrial nation more than ever of the fragility of the world's economic fabric.

By ANN BRONKILL and STEPHEN ATKINSON in Toronto, MARK CLARK in Ottawa, TAS ALSTON and WILLIAM LOWTHORPE in Washington, DAVID LINTGROVE and LARUE BLACK in New York, PETER LEWIS in Brussels and PETER WESTON in Tokyo



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MacMillan Bloedel's Port Alberni lumber and newsprint plant; shrinking

Resourceful dinosaurs

For decades the growth of the Canadian economy has depended heavily on the fortunes of large companies that extracted and processed the country's natural resources. Far removed from Canada's manufacturing heartland of southern Ontario and Quebec, these companies provided the economic engine for hundreds of small cities and towns. The recession of 1982-83 forced many firms to scale down their operations, throwing thousands of people out of work.

Last week Maclean's reporters Thomas Tedesco, Mark Baden and Julie Bennett looked at three Canadian empires—Sault Ste. Marie, Ont., Port Alberni, B.C., and the Saguenay-Lac-Saint-Jean region in northern Quebec—where large resource companies are no longer as dominant as they once were.

Sault Ste. Marie: Five years ago the Algoma Steel Corp. Ltd. provided 13,000 jobs in the city of 81,000, directly across the St. Mary's River from the Michigan city of the same name. But by 1985 the 81-year-old company, which produces such products as seamless pipes and rails, employed only 8,500 workers.

The Canadian steel industry has weakened in recent years, mainly as a result of import surges and increasingly competitive world markets. Algoma last earned a profit in 1980 and since then it has lost \$475 million. The company is now preparing for a long struggle to restore its financial health. Another 1,300 jobs will be cut by the end of next year. The steel giant

will reduce its overall annual production capacity in 2.5 million tons from 3.5 million tons.

Algoma is still the key to the city's economy. In 1985 the firm provided \$11.3 million of the city's \$54.6 million in taxes. And every steel job produces three spin-off jobs. But city politicians say they are concerned that further layoffs at Algoma will seriously increase the city's unemployment rate, already at 19 per cent. Declared city Alderman Nelson: "We are not going to be able to rely on Algoma steel for the future. We'll have to depend on something else."

Port Alberni: The Canadian Forestry Association named the community of 31,800 on Vancouver Island as the official forestry capital of Canada for 1986. The town is heavily dependent on the fortunes of MacMillan Bloedel Ltd., which operates the town's four mills and employs 4,500 workers.

But MacMillan Bloedel's role as a producer of logs has changed since it began a series of layoffs throughout the province, including 1,000 jobs in Port Alberni. It reduced its workforce last year to 15,000 from 21,772 in 1985.

Sam Donald McEachern, the executive vice-president for operations, "Forestry will stay within Canada's No. 1 industry, but in relative terms it will decline in importance as an employer and in significance to the town economy."

By eliminating jobs and improving productivity, MacMillan Bloedel weathered the recession in the early

1980s. It lost \$97.5 million in 1982, but has been profitable since then. But the firm's efforts to cut costs—partly by holding down wages—have angered many of its employees. A strike by 3,000 members of Port Alberni's Local 385 of the International Woodworkers of America (IWA) is in its seventh week. said William Hawken, financial secretary for Local 385. "Forestry is certainly not a unionized industry as some say."

Saguenay-Lac-St-Jean: As the world's second-largest aluminum producer, Alcan Aluminum Ltd. had sales in 1985 of \$7.8 billion. But the company is changing the way it operates. Falling aluminum prices and worldwide oversupply have forced Alcan to sell certain foreign assets and diversify into such fields as electronics and aerospace.

For the residents of the Saguenay-Lac-St-Jean region, the changes at Alcan have been difficult to accept. Twenty years ago Alcan employed 9,000 workers in the region, but by last year the number had shrunk to 6,000. "If we do not renew ourselves," declared Carol Nitton, 36-year-old news editor of the regional daily newspaper, *Le Quotidien*, whose last worker for Alcan, "we will lose our young people, which means we will lose everything."

To prevent the loss of even more jobs, Alcan and four other major eastern aluminum producers—including Alstalco Inc. and Pacific Canadas Ltd.—are investing \$8 billion in the new Saguenay Falls aluminum smelter. The project, to be completed in 1990, will provide rich capital to help local entrepreneurs start businesses. That is the direction that dozens of Canadian enterprises are struggling to take. □



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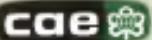
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A WORLD OF CANADIAN TECHNOLOGY

Federal Finance Minister Michael Wilson has a crucial role in defining Canada's economic future. He sets the course for the country with his annual budget, negotiates the Bank of Canada and maintains close links with the private sector's financial leaders. Maclean's Ottawa Bureau correspondent Marc Clark interviewed Wilson in his Parliament Hill office last week.

Maclean's: Do you see any chance at all of a recession?

Wilson: No one can anticipate with certainty what an economy is going to do. But we don't see anything on the horizon that would lead us to expect that we are facing a recession. People are looking for a slower economy than the past two years, but these were very good years. Our growth was as good as any other economy, with the possible exception of Japan. I view the current slowdown as sort of a catch breath.

Maclean's: Are there any wild cards like protectionist legislation in the U.S. Congress, that could threat the Canadian economy off course?

Wilson: There are always wild cards. Protectionism in Congress is one of the major concerns we have today. It is one of the long reasons that we are in trade negotiations with the United States.

Maclean's: How healthy is the U.S. economy?

Wilson: The American economy is besieged by two major imbalances. One is the trade deficit, the other is the budgetary deficit. Those two deficits combined are like a cloud, and we have to have some concern as to the spillover impact of that.

Maclean's: Are governments in a position to lessen the effects of a recession? Or prevent one from becoming a depression?

Wilson: Yes, I think we are. There are automatic stabilizers that are built into legislation—in the oil and gas sector and the agricultural sector, to take two examples. These are working today. There is a G-7 finance ministers from Canada, the United States and five other leading industrial countries, who meet regularly to try to coordinate eco-



Wilson: Wild cards, a catch and catching a breath

Cool talk from the man in the hot seat

SPECIAL REPORT

and development, the use of microcomputers and other techniques to make these industries more competitive. That is what will guarantee their survival.

Maclean's: Are you concerned that increases in productivity usually result in job losses in the workforce?

Wilson: That certainly has been the case over the past few years. They are becoming more efficient because they have to be in order to compete internationally. This isn't a phenomenon that started two years ago. It started 200 years ago. Sometime pasted out in me that at the turn of the century the two greatest sources of employment in the United Kingdom were domestic help and farming. That didn't mean we banned the use of the vacuum cleaner and the tractor. Other sources of employment were coming in their place. Canada has an extremely high job creation record—something like 310,000 jobs since September, 1984.

Maclean's: Does self the government help the West?

Wilson: This is something that we are reviewing. There are some factors beyond our control. We can't control the price of oil or the price of wheat. But it's important to realize that there is more to Western Canada than grain and oil.

Maclean's: The Prime Minister has said the government still "have to do better" in regional development. Will there be more pressure for extra spending and more pressure on the deficit?

Wilson: There may be, but that does not mean that we can't do the reallocations within the [funding] framework that we have. What the Prime Minister is saying is that there should be a balance that reflects more of that effort to encouraging greater opportunities in, say, Atlantic Canada or in parts of eastern Quebec, where unemployment rates are 30 per cent or more. But that does not mean that we blow the fiscal framework. The discipline we have applied has been at the heart of the improved economy because it has led to lower interest rates. Because we have to do one does not mean we drop the other. We have to do both and we will do both.

Hedged bets on the financial future

SPECIAL REPORT

On day this week, Norma Holt, chairman and chief executive officer of Standard Mortgag Inc., a medium-sized life and health-care distribution firm, will meet financial adviser David Macdonald in her office in Etobicoke, Ont. As they have done four times before, they will tally out a quarterly investment plan for Holt's wife. A top focus of discussion will be how to hedge against market collapse. Holt, a long-time investor, decided only last year to hire professional help. Although she says that the economy is basically sound, having an adviser gives her a feeling of security. Declared Holt, "I used to be very comfortable with my own choices, but it is a very volatile market right now and has been for the past year."

Deadline. Increasing numbers of leading business executives are seeking outside financial advice for their businesses. Financial experts say that there is enough evidence of slower growth to make cautious planning essential. As well, some financial planners are advancing their theory that it is becoming increasingly difficult to forecast trends in the North American economy. And last week's dramatic decline in U.S. and Canadian equities worldwide was an indication of how difficult the unpredictable economy can affect the individual. The biggest drop on the Toronto Stock Exchange last Thursday and Friday translated into a multi-billion-dollar paper loss for investors.

In the current uncertainty, millions of Canadians face daily investment decisions that can profoundly affect their financial future. Experts say that most people still make spontaneous financial choices. But more are turning to professional advisers to help them choose from an abundance of investments that range from buying high-risk stock to paying down a home maximum. Alexander Wright, a partner in YorkWright Planning Associates Ltd. of Toronto, says that making wise decisions now is critical to surviving a harsh economy in the future. Declared Wright, "The biggest thing that we can do for our clients is to try to bulletproof them." Many financial planners are now ad-

vising Canadians to move out of the stock and bond markets, and place their money in easily realizable investments. That strategy enables an individual to earn more than his investment. Individuals face "a high degree of uncertainty," said Douglas Macdonald, a partner in the Vancouver financial planning firm Macdonald Shanks & Co. and president of the Toronto-based Canadian

Investment Association. By the end of August, only 42 per cent chose a long-term investment.

Equity. Financial planners advise consumers who are already locked into a mortgage to channel as much money as possible into mortgage payments. Macdonald recommends making cash payments whenever possible to reduce the principal amount of the loan and build equity. He also recommends



Holt making wise decisions now is critical to surviving a harsh economy in the future

Association of Financial Planners. He added, "It is a time to maintain a high degree of flexibility." And that, say planners, involves avoiding overextending personal credit and resisting long-term, interest-bearing bonds and certificates.

Cautious. For 60 per cent of Canadians, the largest single investment is the family home. As a result, most homeowners or prospective buyers have become keenly aware of the critical role of the inflation rate. And large numbers of homeowners apparently do not expect rates to increase soon. Prior Carter, vice-president, mortgages, with the Royal Bank of Canada in Montreal, and that at the end of June 71 per cent of the bank's borrowers chose a five-year, fixed-rate term for their

shortening the term of the mortgage—paying larger monthly payments but reducing the loan amount much more quickly. That is a defensive strategy that will leave the consumer in a good position to react to an economic upturn, Macdonald says, because with a partly paid-off mortgage, the house can be used as collateral for an investment loan during good times.

Some advises caution against buying any expensive items—including cars—until future economic trends become clearer. Last week Canadian auto dealerships introduced cash rebates and low-interest-rate financing to sell vehicles. But Wright said that the dealers are acting out of desperation. "If the auto companies are offering you deals, it is because they see some-

thing coming," he said. "They are trying to shift the problem from their lots to your driveway."

An increase in interest rates will be beneficial for some investors, particularly individuals with cash to place in savings certificates and with little debt. For them, the choice is whether to place money in the bank on a short-term basis and wait for rates to go up, or to look into a higher-paying, longer-term investment. One solution is to do both. Macdonald's Montreal-area customers often invest in savings certificates with a variety of terms, both short and long, to protect themselves from sudden interest-rate shifts.

Speculating. In the stock market during uncertain times is also risky, as last week's stock market dive demonstrated. For some seasoned investors, it was a signal that the market had peaked. Still, financial planners advise investors not to sell all of their stock and instead cash in stock investments when they can do it for a profit.

Defensive? Another critical issue for investors is how long to hold on to stock. Professional stock market trader Andrew Barlow, of Barlow & Zukerman Ltd. of Toronto, says that any stock market investment made now should be only for the short term. Barlow adds that the market could easily both rise by as much as 10 per cent or fall by 30 per cent during the next six months. Others are more pessimistic. Robert Stevenson, president of Dynamic Plus Management Ltd., a Toronto-based investment company, says that the investment funds that he runs for his clients have been "very defensive" in the past three to four months, "building up cash" from investment income rather than reinvesting it totally in new stock purchases.

Like the stock market, bond prices have also been uncertain. Long-term, 20-year bonds are sensitive to signals of rising or falling inflation. When predictions of a higher inflation rate change, the bonds fall in price because investors demand a greater future return on their investment. Barlow advises selling long-term bonds now. And

he says that long-term bonds purchased now could fall as much as 10 per cent in price. Added Roy Hardaker, executive vice-president of Toronto investment dealer Bell Gosselin Ltd.: "To avoid the long end of the bond market is the plan." Still, Hardaker says that the price of short-term, one year or less, bonds will rise. "It will be looked on as a place to park while you wait for things to resolve."

Consumers will see even more effects of higher interest rates when they consider buying Canada Savings Bonds



Macdonald turns down the new car and pays off the mortgage

this fall, since, which Ottawa will release November to help finance the government's budget, will differ from other bonds because their prices depend on forecasts and they can be revised at any time. Wright says that this year Ottawa will make this very attractive to investors by offering a high rate of interest because it needs the money. That is, it will, in effect, pay the rate offered by banks on savings accounts.

Hedges. For Canadians with cash to invest, the traditional hedge against inflation and an uncertain economic future has been investment in precious metals such as gold and platinum. Wright points out that these are

artificial factors in the setting of gold prices, such as the political situation in South Africa. Still, Dynamic's Stewart said that investing up to 10 per cent of a portfolio in precious metals is a good idea.

A new conservatism underlines nearly all the experts' advice. Stewart, for example, "At the end of the day, you never know what is going to happen to your job position and so you should be holding off."

Still, there are many investors who are adhering to the high-risk strategy of borrowing to invest and decreasing the interest paid on the loan from their taxable income. Toronto pharmacist George Young, 47, has already paid off the mortgage on his house and has a small stock portfolio. He decided in 1985 to borrow \$25,000 to invest, along with \$25,000 of his own money, in a selection of 14 original Trudeau bonds. Young earned a 20- to 30-per-cent return on his investment last year. Although he says that the stock market may drop by as much as 30 per cent in the coming months, he plans to stay with his high-risk investment strategy. Declared Young, "I'll stand pat. I don't care if it goes up or down."

Bonds. That is not the traditional Canadian approach to investment. Unlike Americans, Canadians did not build up high levels of personal debt in the past couple of years to borrow and buy consumer goods or travel.

Experts say that their advice can help ordinary wage earners protect themselves against sudden financial disruptions. Blane called plans that most Canadians, including senior executives, do not think enough about how economic trends affect their portfolios. He added, "There are more concerns about how the future is going to impact on their company than they are about how changes are going to impact on themselves."

Mary Dawson, a divorced surgery expert who runs her own business in Toronto, advocates maintaining a certain amount of optimism about the economic future. Although she expresses concern about North America's burgeoning debt problem, she is not considering selling her stock or hedging her investments against future price declines. Said Dawson, "I don't believe in buying non-reduced shares or anything like that, but you have to have some faith in the future."

—ANN SHRETTLE in Toronto



Rallying against unemployment in Liverpool, England: the new industrial north

Beyond Europe's new breadlines

The meeting was promised as a fresh start in Europe's campaign to reduce its soaring levels of unemployment. This week, in the prestigious Caledonian Hotel in Edinburgh, the employment ministers of the 12 European Community (EC) countries were to meet informally—for the second time this year—to discuss the problems of the EC's 16 million jobless. The European economy has recently been buoyant, powered by lower oil prices and interest rates, but unemployment has remained high, with an average of 11.1 per cent of the EC's 125-million-member labor force without work. And despite forecasts that Europe's economy will perform strongly in the next six months, analysts say there is little possibility of more jobs being created soon. Said Marcel Marin, the EC's commissioner for social affairs and employment: "If we stick to the same policies and mentality, more than 10 per cent of the Community's work force will continue to be unemployed in 1990."

The ministers were expected to examine a plan, devised earlier this year by Britain, Italy and Ireland, that emphasizes strengthening vocational training and the job-creating role of small businesses. The proposal was inspired by British Prime Minister Margaret Thatcher, as advocate of allowing free-market forces to create jobs. It is designed to sweep aside the EC's red-tape barriers, which, experts say, stifle initiative. But an early draft of

the social policies British Employment Minister Kenneth Clarke has issued the spotlight on rising wages and salaries that are not matched by productivity increases. His theory is shared by some economists who say that wage rigidity makes it hard for a company to adapt to external changes without reducing staff. Clarke also claims that labor protection laws prevent employers from firing workers to cut costs in bad times and bring readily in good ones. Unemployment is growing fastest in Britain, France, Portugal and Italy. In Britain, 5.5 million people are out of work—and 50,000 of those lost their jobs in July alone.

The ministers were expected to examine a plan, devised earlier this year by Britain, Italy and Ireland, that emphasizes strengthening vocational training and the job-creating role of small businesses. The proposal was inspired by British Prime Minister Margaret Thatcher, as advocate of allowing free-market forces to create jobs. It is designed to sweep aside the EC's red-tape barriers, which, experts say, stifle initiative. But an early draft of

—PETER LEWIS in Brussels

the document stopped short of recommending "de-regulation or removing social protection."

EC members are slowly altering old rules to make the labor market more flexible. Employers in France and Germany are increasingly using short-term three- and six-month work contracts to recruit the long-term unemployed. And the Netherlands' right-wing Christian Democratic government has offered €5,000 to start their own businesses.

Reliefed private investment may provide one solution to European unemployment. Jean-Pierre Pelizzetti, a senior aide to the Paris-based Organization for Economic Co-operation and Development, said that the United States had reduced its number of unemployed from 9.5 million seven million between 1982 and 1984 by spreading investment across the entire economy. Said Pelizzetti: "Europe's lack of net investment is just a few industries strong, leaving others to continue withering. Coal and textiles have been abandoned while other industries, such as automaking and electronics, have received the most government help."

Other experts say that economic growth is still not strong enough to ease unemployment. Said John Marley, a senior official in charge of employment and labor market policy: "To do the trick, we would need a sustained growth rate of 3.5 per cent in the Community and an investment boom. In truth, we are currently getting around 2.7 per cent and only a modest advance in 1990."

While the experts agree over solutions, youth unemployment remains a critical problem. A full 27 per cent of the EC nations' unemployed are under the age of 25. In 1986 the EC pledged \$4.5 billion for youth employment and training schemes. But that may be of little assistance to youth who have been discarded into the job market during the 1981-82 recession. Said Giles Moore, British author of *A World Out of Work*, a book on unemployment: "They face the choice of dropping out entirely or becoming new industrial serfs at the bottom of the labor pool." For Europe's unemployed, another road of trials may not be nearly enough.

BUSINESS WATCH

Montreal's financial recruiter

By Peter G. Newman

This week, despite the current market drop, André Saenger, the internationally minded agent provocateur who heads the Montreal Exchange, leaves for London on the first leg of a round-the-world trip to sign up more foreign listings.

As well as trying to persuade clients of the Amsterdam and Hong Kong exchanges to double-list in Montreal, he plans to negotiate with British companies in London which want access to the North American capital market. "Our requirements are simple and uncomplicated," he maintains, "because we accept most of the same criteria as the British exchanges where they are already listed. And yet the exercise can become highly beneficial for them."

In planning his overseas junket, Saenger has calculated a strategy designed to place Canada's fiscal chest in the best international light. "In the normal course of events," he told me, "with our small population we would play no major role within the emerging international network that, say, Spain, Sweden or Belgium. Unless we define a specific niche, harness our strengths and present a cohesive picture, we will remain a regional backwater."

He points out that few people—here or overseas—realize Canada now has the world's fourth-largest capital market. (During 1985 new equities worth \$30 billion Cdn were raised in the United States, \$12.4 billion in France, \$3.2 billion in Australia and \$1.7 billion in Canada.) Also, Canada is one of a very few countries that operate a smoothly functioning domestic money market. Saenger insists Canada can actively participate in world finance in two ways. "These possibilities," he claims, "are exemplified by the very different approaches being taken by the Toronto and Montreal stock exchanges. Toronto is trying to bring the world to Canadian markets, while Montreal is asking, 'How can we best position ourselves within the emerging network of international stock exchanges?' That is a subtle but very fundamental difference."

While Toronto is placing its own technological infrastructure into the Paris, London and New York exchanges to facilitate the trading of Canadian stocks in those and other locations (Business Week, April 14, 1986), Mon-

teal prefers what he calls a "holistic" approach. The trouble with attempting to be an astute player alongside the world's great exchanges, he believes, is that an increasing proportion of trading in senior Canadian stocks is already taking place outside this country. On the day of our interview, he called up the Alcan file on his desk computer, showing that 280,000 shares had traded in New York, 160,000 in Paris and 31,000 in Montreal. "So



Saenger striking a corporate note.

where is the real market for Alcan if I want to sell 300,000 or buy 160—where do I go? I'm New York, of course."

Because he is convinced that trend will grow and spread to secondary stocks, Saenger has devised a strategy for the Montreal Stock Exchange that rejects the notion of trying to become an independent force in the market place. Instead, he visualizes his organization (and Canada, for that matter) returning to the more realistic role of a handy bridge, a significant go-

between "We shall have to redefine ourselves," he says, "as a bridge under which traffic generated by others will flow, as opposed to being a destination by itself."

Getting away from Saenger's Gallic sense of humor, he has put his promotional blitzes behind him and is concentrating instead with the Boston Stock Exchange, as well as with Paris and Amsterdam—part of the 24-hour-day international clearinghouse he is expanding at Rockleigh headquarters at Place Victoria. This year to date, the Montreal Exchange has already attracted 25 new listings (more than the total for all of 1985) and Saenger expects another 20 new companies will have joined by year-end. But so far only two—Loblaw Investments, a Guelph-based, Franco-Canadian investment firm, and the French conglomerate Lyonnaise des Eaux—have been recruited from abroad.

The main reason for taking Saenger's quest to transform the Montreal Exchange seriously is that in one serious point, the most intellectually stimulating development since Eric Kienan first occupied the Exchange presidency in 1969. A sociology graduate of the University of Chicago and the holder of an M.B.A. from Harvard, he rose rapidly to the rank of assistant deputy minister in Ottawa before becoming Canada for a couple of years to special political adviser to the president of Niger. After spending four more years with the ministry of state for urban affairs in Ottawa, Saenger joined the Lévesque government in Quebec City, first as deputy secretary to the cabinet, then as deputy minister of natural resources. Saenger joined Richardson Securities of Canada in 1973 in Montreal and eventually became a partner, then a senior vice-president. In his current incarnation he has quickly become recognized as an articulate spokesman for Montreal's business community.

Looking at Canada's current social, economic and political trends, he does see like what he sees: "I recognize social contract is urgently needed in this country," he says. "Time is of the essence. Canada stands at an epochal watershed of our making from which we will either move forward to new and heartening prospects or be pushed backward to a state of initially comfortable, but later penurious, insignificance. We are quickly nearing the nation's edge."

TV BOILS OVER

COVER

The scenario is the stuff of a prime-time drama—one on a soap that far surpasses *Dynasty*'s. The protagonists are rock and roll power men vying for control of the Western world's most powerful medium. One is Ted Turner, the U.S. broadcasting tycoon who has vowed to control the planet. Another is television Rupert Murdoch, the Australian-born media magnate who created Europe's satellite City Channel. Next week he will launch a fourth U.S. network, Fox Broadcasting Co., to challenge the old triumvirate of NBC, CBS and ABC. Meanwhile, the old networks' studios are hollowed out like paperclips while executives scramble to trim costs and search their portfolios for fresh fare. In Canada a parallel drama unfolds with stark differences. One of the strongest bastions of public television anywhere, the CBC shoulders under the weight of budget cutbacks and administration class. Around the world, broadcasters battle for control of the global village. Television's future—and the fate of modern culture—hangs on the balance.

And that scenario of conflict and confusion Canadian politicians will soon consider a proposal to conduct a major overhaul of the country's broadcasting industry. The federal government's task force on broadcasting, formed 18 months ago, is not expected to publish its long-awaited report until next week. But Macdonald's has gained access to its main findings and recommendations. Calling for greater resources to raise the quality and quantity of Canadian TV programs, the report proposes a massive increase in assistance to public broadcasting. It suggests that the CBC increase prime-time Canadian content to as much as 20 per cent from 8 per cent, at an estimated annual cost of about \$80 million. In addition it calls for the creation of a second public network, a commercial-free superstation called TV Canada, independent of the CBC. Chaired by Liberal Captan, former federal secretary of the New Democratic Party, and Florin Baungs, communications professor at Quebec City's Laval University, the task force also argues that private broadcasters devote more time and money to Canadian programming. And it is sharply critical of the Cana-

dian Radio-television and Telecommunications Commission's neglect in enforcing current broadcast norms regulating

The task force revelations come at the end of a highly unusual week for executives in both Canadian and American television networks. Is Ottawa the CBC's failure to balance its books for an annual report which is now two months overdue around speculate that CBC president Pierre Juneau may resign. And Denis Harvey, the corporation's top producer, launched the CBC's fall season with a warning that financial restraint is creating "a bunker mentality" at the network. In the United States a succession board meeting at the troubled CBS network last week climaxed with the resignation of Thomas Wymann, his embattled chairman and chief executive (page 45). With ratings and profits dwindling, CBS is undergoing the most severe trauma of the U.S. networks, but its plight underscores a general crisis in network television that already affects what appears otherwise.

Shaken down: Within the past 18 months each of the three main U.S. networks has undergone corporate shakeups and suffered budget cutbacks. As a result, this fall features the most modest array of new programs in many years (page 40). Jeffrey Osborne of the New York-based Media Buying Service, which places \$80 million worth of TV advertising annually, adds: "Because of the upheavals, buy-outs and feed-offs, the networks

aren't as rich as they were. There are fewer new pilots and blockbuster miniseries. Progress that would have been cancelled a few years ago stay on the air."

The growth of independent stations,



TV and VCR has loosened the major networks' traditional grip on the viewing audience. In fact, during the past decade the three U.S. networks' overall share of the audience has slipped to 77 from 93 per cent. And this year advertising revenues are down. At the same time, public television throughout the Western world is caught in the squeeze of fiscal restraint. Public networks in France have been privatised; and in Britain, they are under pressure to accept advertising. As well, along with those in Canada, they have cut back production and forged links with independent producers. The



We Don't Knock acne; actress Lori Anderson (far left) reveals

negotiations that result often bypass local images for broader commercial appeal. **Meanwhile**, television's new barons, led by Turner and Murdoch, compete to shrink-wrap the planet in a satellite web of American programming.

Bitter fit: In Canada the war for control of the small screen has become a major cultural issue. And the task force report offers a comprehensive battle plan. Its 30 chapters add up to the most exhaustive study of broadcasting in the country's history and one of the most detailed studies of its

kind in the world. In a recent interview, Captan told Macdonald's: "The results are startling. The issue is how much should the public sector be harassed to do what the private sector finds unprofitable."

Mystic: One of the task force's key findings undermines the myth that Canadians prefer American shows to their own. Statistics showed viewers watch Canadian programming in al-

most identical numbers to the CBC's. The results are startling. The issue is how much should the public sector be harassed to do what the private sector finds unprofitable."

Although the task force urges more support for the CBC, it criticizes the network's bureaucracy. The report recommends that the network decentralize its overall operation to spread production among five regional centres. And it suggests reviving some of the CBC's existing functions. It proposes turning the parliamentary channel over to the Speaker of the House of Commons and placing Radio Canada International under the department of external affairs. A source close to the task force told Macdonald's, "The idea is to simplify the mandate and to give the CBC more resources to concentrate on what it does best."

The most ambitious reforms include a series of measures designed to strengthen Canadian content in prime time. The document calls for an increase in the amount of money the CBC contributes each year to independent producers. And it recommends creating Ottawa's Broadcast Fund, which subsidizes TV production, to \$75 million from about \$50 million by 1988. It also asks Ottawa to create a 100-per-cent tax deduction for the purchase of all commercials bought on Canadian programs—a step that would cost nearly \$30 million in lost tax revenue.

Coolie: **Neenekle**, TV Canada, the second network, is proposed as a commercial-free source of Canadian programming. It would serve as a central market for the National Film Board and as a report channel for the best programs from public broadcasters. It would place a strong emphasis on programming for children and young people. The report places TV Canada's budget at \$105 million the first year, rising to \$100 million over five years.

The seven-member task force, which included both New Democrat and Conservative members, gave the report unanimous endorsement. But Ottawa is unlikely to adopt any extravagant measures while presiding fiscal restraint—especially with a federal election due in two years. Still, the task force document departs from a history of strength in rally support for public broadcasting. In effect, one respect such proposal bears a price tag based on cautious projections. And the report contains elaborate suggestions for raising extra revenue to finance its implementation. One section calls for a tax of at least five per cent on sales and rentals of VHS and video cassette. The task force estimates that with such a tax Ottawa could have generated \$110 million from 1987's sales and rentals of cassettes.

The task force report, commissioned after former Conservative minister

Marcel Masse, now falls to his successor, Marc Macdonald. Even if the shelves roll, said the Maser's source, "eventually some minister of communications will use it to build a reputation by creating a new broadcasting act." No matter what happens to its recommendations, the report has researched a wealth of privileged information that will have considerable impact on the industry. It includes detailed breakdowns of how both private and public broadcasters allocate their budgets. It discloses the profit figures of private broadcasters, which in some cases are extremely high.

The task force report serves as a fine model for programming in Canada. The committee's influence will be minimal, except perhaps for more channels to go from 99 to 100. And it reduced the share of gross revenues that the CBC invests in Canadian production to 20% from 45 per cent. Meanwhile, the board is very aware along with home video rentals of export money, it also erodes the audience for both Canadian and American networks.

Power: Imparted programming spreads further as independent stations with formats largely devoted to U.S. shows proliferate. And these stations are consolidating their power. In Quebec a new French-language network, Quatre Saisons, went on the air last week, packing its prime time with dubbed versions of American movies and TV series. Its creator, Jean Poulet, already owns CFCM, CFN's English-language affiliate in Montreal. Other independents, including Blainville's cbc, are forming multi-networks so that they can pool their resources when shopping for the American shows that dominate their schedules.

In the United States the independents pose a mounting threat to tradition-



PHOTOGRAPH BY WHITINGHOUSE **REUTERS** **AP/WIDEWORLD** **DETROIT NEWS** **DETROIT FREE PRESS** **DETROIT NEWS**

local network television. In the past five years, their number has more than doubled—to 383 from 199. And the independents serve as the building blocks for the new empire being erected by media baron Murdoch and Turner. To create a base for his Fox Broadcasting Co., Murdoch spent \$2 billion buying TV stations in such major markets as New York City and Los Angeles. Fox now has 79 stations signed up for two years of its programming. It launches its schedule next month with a challenge to NBC's *Monday Night Football*.—The Late Show starring Carson's former protégé Joan Rivers.

Also: As her comedy co-ordinator,

Rivers has chosen Toronto's Mark Bordin, owner of the Yuk Yuk's chain of comedy cabarets. Bordin said that

the Late Show will aim for a younger audience than its host's *Addicted to Reality*. "The network shows, particularly Carson's, have been in place so long that they're boring people to death," he says. Surprisingly, the euphemisms within the major U.S. networks have improved the climate for American public television. PBS spokesman Stuart Easter said that the private networks' concern for the bottom line has reduced their emphasis on documentaries and current affairs. *Addicted to Reality*, "that means we become even more vital. It's a bit like being a beneficiary in a will." Recently, there has been an upsurge in subscriber support for PBS, which is available to 97 per cent of U.S. households.

Starving For many markets outside the United States—including Canadian public broadcasting—audiences continue to wilt beside the ubiquitous sheeves of American sitcoms and crime shows. Veteran CBC staff member Glynis Barty, now executive producer of *Globe & Mail*, said that he was one of the "starry-eyed people who went into the business of television believing they were on the leading edge of something that was going to have a profound effect on Canada." *Addicted to Reality*: "We had a great time inventing television. But 20 years later, we came up for air and realized that it had somehow missed its promise." Now, as the Captain-Bauhaus-via-Japan task force attempts to redefine that premise, the future of the small screen remains as elusive as the images that pass before it.

—SHAWN D. JOHNSON **WITH PAMELA YOUNG**
ANN FOLGERSON **AND BOB HEDLER** **IN**
DETROIT



—SHAWN D. JOHNSON **WITH PAMELA YOUNG**
ANN FOLGERSON **AND BOB HEDLER** **IN**
DETROIT

SURPRISE AND SUCCESS

COVER

When Channel 4, Britain's newest television network, first went on air in November 1982, its critics gleefully labelled it "Channel Sause." The network's programming struck many viewers as an eclectic bore誕ered by a lack of cohesion, bore witness to an absence of arts coverage, and educational program. But four years later the complaints about Channel 4's fare have given way to almost universal praise, especially for the network's support of low-budget, yet artistically ambitious programs. And New York City's Museum of Broadcasting recently held a five-week series of Channel 4 screenings and seminars on the arts programming. Said museum president Robert Rathska: "They have managed to put on gutsy, innovative programs without losing sight of the broader audience."

Vulgar? Outside Britain, Channel 4 is quickly earning a reputation as an exporter of high-quality programs. Among the many feature movies it has financed in whole or in part are *My Beautiful Laundrette*, *Withnail and I*, *Fame*, *Thorn*, each of which has won widespread critical enthusiasm. And the network has produced several first-rate documentaries, including *Heart of the Dragon*, a series on modern China that has aired on PBS. As far as British audiences, Channel 4's willingness to experiment has introduced them to such non-popular US imports as *Wall Street Blues* and *National Football League* game highlights. Even experiments that did not please audiences have been casting the stations' own shot-down experiments, *Young Justice*, can't be denied.

Provocative Alternative: a now-defunct underground period of TV journalism, as "vulgar, vulgar, inaccurate—irresponsible."

What distinguishes Channel 4 from other British networks is its commitment to serving tastes and audiences that mainstream television largely ignores. On average, its eastern documentary on 20th-century photography attracts only about eight per cent of the British

viewing audience. But that 8% is with the network's mandate, the parliamentary act that established Channel 4 in 1982 said it should "encourage innovation and experiment." Unlike the two British Broadcasting Corp. channels, BBC1 and BBC2, Channel 4 prefers



PAMELA YOUNG **IN** **CLOTHES LINE** **DETROIT FREE PRESS**

that task without government money.

Indeed, Britain's 15 regional private television stations, which together form the Independent Television (ITV) network, are required to turn over a fixed percentage of their revenues to Channel 4, an amount that is 1985 to-

tailed \$485 million (Cdn). In return, the tv company are allowed to sell advertising time on its network and keep the profits, but the independents have no control over Channel 4's programming policy. Channel 4's chairman, Edward Dell, said that the financing system "has been a major success." Added Dell: "It's almost too good to be true. We are insulated from the commercial and other influences that everyone else has to live with."

Broken. Under another distinctive clause of the act that set it up, Channel 4 acts as a television broker or publisher, showcasing programs made by outsiders rather than making its own. The network has helped to fill the program-making vacuum created by the lack of government financing for film producers in Britain. Said Anthony Berlin, director of the British Film Institute in London: "Simply put, Channel 4 has transformed the entire British film industry." The network's only in-house production is *Right to Reply*, a half-hour show that gives viewers the chance to comment on the previous week's programming.

Channel 4 buys the rest of its material, including its news and sports coverage, from independent producers, or foreign suppliers. That policy has led to a rapid increase in the number of independent tv production companies in Britain. Said Dell, "All of us in the outside producers have a market for their work."

Creative: Although its future seems secure, the former Channel 4 seems may soon undergo some dramatic changes. In June, a government-appointed inquiry into the financing of television recommended that Channel 4 be given the right to sell all its own advertising. Some industry observers say that this would put pressure on Channel 4 to compete for an ever-larger share of the viewing audience, making a unique experience. For now, the alternative channel is showing the world what can be done on the small screen when creative curiosity rather than profit is the bottom line.

—BOBBY LAMBERT **IN** **DETROIT**



RECRUITS IN THE BATTLE FOR PRIME TIME

COVER

Each fall the three major US TV networks unveil a fresh cast of characters in North American living rooms. They are the new creatures of prime time. Their mission is to attract and seduce an increasingly fickle viewing audience. The current season's newcomers include an armchair lawyer, sentimental detective, long-suffering fatherly preachers, stodgy, perky career women, a far-out-of-the-alien and a dwarf. Many of them will disappear in a rapid process of natural selection; TV's evolutionary race favors survival of the fittest—and often the fattest.

The new schedule reflects a cautious programming strategy. Eroded by the expansion of satellite cable and video cassette use, the networks' overall share of the TV audience has declined steadily over the past decade. But last year Canadian Bill Cosby almost single-handedly revived the network's fortunes with a show that attracts 51 percent of all viewers. His success has helped change the face of prime time: six of last season's top 10 shows were situation comedies. This fall the networks have reinforced the trend. More than half of the 33 new shows are half-hour sitcoms, and even the dramas have a lighter edge. Difficulties are also cheaper to produce, a selling point for austerity-conscious network executives. As well, the networks have kept 10 of last fall's 22 new shows on the air—an unusually high number. And in keeping with conservative tastes, they have also resurrected such vintage stars as Leslie Nielsen and Andy Griffith to restore an image of wholesome family entertainment.

Recycling familiar faces and copying past hits is the season's prevailing trend. But for the most promising new show, *LA Law* (NBC), takes a more original approach. Produced by *Miami Vice* creator Steven

Bochco, *LA Law* is a well-crafted ensemble show about a high-profile Los Angeles law firm. Combining serious drama and comic satire, it portrays lawyers as archetypes of an quirky industry. And its ensemble spans a broad range of legal specialties from criminal trials to domestic frauds. The plot usually concerns a black son who is raped by the sex of one of the law firm's major corporate clients. In a darkly comic subplot, the firm's lead-



Jack and Mike's *Hack* and *Roxanne* differences

ing tax lawyer is found dead face-down in a piano after suffering a heart attack. At his memorial service, a colleague delivers a bizarre eulogy: "One man stood as a beacon in the deep fog of two-code confusion."

Comes Aside from Bochco, the other major producer launching a costly new series is Michael Mann of *Miami Vice*. While NBC has moved Friday's *Vice* ahead one hour, so that its guns are aimed directly at CBS' *Dallas*, Mann has created another nearly stylized police show. Set in Chicago during the early 1960s, *Crone Story* (NBC/Global) features big-finned cars with white-walled tires whizzing over rain-slicked streets at night. Unlike *Vice*'s disreputable detectives, its police are bully men in black hats and flattening suits. And like Jack Webb in the old *Dragnet* series, *Crone Story*'s hero doubles as a gruff first-person narrator. The period setting allows the producers to dress up the show with art-deco design and rock 'n' roll classics.

Bromides Elsewhere in the fall schedule, British crime fighters are out of fashion. In fact, one incoming new sitcom, *Sledge Hammer* (ABC/Global), is a dead-on parody of the shoot-first-and-ask-questions-later school of police veterans. Its detective character is a super-fit, down-home rooftop bar owner who borrows his badge to destroy the entire building. It is doubtful that the show, with its one-joke premise, has the firepower to survive the season.

A more likely hit is such an *ALF* knock-off than *Life Form*. It is a sitcom about a family that adopts a shaggy, wacko-looking orphus from another planet. Resembling a cross between a Muppet and an anachronist, the creature is a toy manufacturer's dream come true. *ALF* continues that groundwork with Conny's theme of hetero-gender fatherhood. In fact, in one episode the father pays homage to TV's most popular mommie. "If we don't respect the roles we make," he tells his two children, "we're never going to respect each other. I mean, have we learned nothing from watching *The Cosby Show*?"

Showgirls The fall schedule abounds with families raising money for long-lost relatives. In *Easy Street* (NBC/cv), *WKRP* ex-patiate Louie Anderson plays a farmer showgirl who inherits a Beverly Hills mansion and invites her dorky uncle and his black companion to live with her. And on the disastrous side, *Our House* (Fox) portrays a widowed mother and her three children who move in with a kindly grandfather.

The grandfather theme has even crept into the new crime and action shows. *Starman* (ABC/Orion), based on the movie of the same name, is the pedophile saga of a haggard alien and his Earth-born son. In *Shattered* (ABC/Orion), adapted from *Thenny's* TV movie *The Last Electric Knight*, an Oriental boy with expertise in the martial arts pretends a bumbling detective to become his guardian and a cop's partner police chief *Hart of*

Iced police show. Set in Chicago during the early 1960s, *Crone Story* (NBC/Global) features big-finned cars with white-walled tires whizzing over rain-slicked streets at night. Unlike *Vice*'s disreputable detectives, its police are bully men in black hats and flattening suits. And like Jack Webb in the old *Dragnet* series, *Crone Story*'s hero doubles as a gruff first-person narrator. The period setting allows the producers to dress up the show with art-deco design and rock 'n' roll classics.



Women's *Doris Burke*, *Jean Smart*; *Law's* *Jill Eikenberry*, *Mary McCormick* (below)

the City features a detective who fights crime by night and grapples with the travails of being a single father by day. *Destry*, heart of the City's amiable courtship at CBS, perhaps a precursor serving as a reluctant father-figure in four parades.

Aberrants While the men worry about the children, the new season has produced a fresh crop of independent career women. In *Judith and Miles* (ABC/Orion), former *Charlie's Angels* Shelley Hack plays Jack, a Chicago newspaper columnist married to Miles, a restaurant entrepreneur. Both are devoted to hard work and dangerous adventure. An even bolder heroine is the singer of *Key O'Brien*, played by Patricia Kalember, whose signature remark is "Call me Kappy," and who has to cut through sexist discrimination in a New York hospital. The drama's dialogue is riddled with cryptic medical jargon rapidly uttered through surgical masks.

Of all the newest, tough-talking career women in the new shows, the unsexiest—and the funniest—belong to *Benghazi Women* (CBS/ABC), a tart-tongued comedy cleverly patterned after last season's hit *Golden Girls*. In four middle-

aged characters are partners in an interior-design firm who spend their time discussing each other's love lives. The program copies both the format of *Golden Girls* and its fine acting and raunch, aside, wit. "If we were a fast food," one of the women tells another, "there would be an arch under your bed."

A more dashing sitcom seeking to reassess rather than provoke viewers is



—BRIAN JOHNSON in Boston

The Edna Stratford Show (ABC/AGC). The veteran 88th actress portrays a college professor who conducts writing classes at home, where she lives with her mother, her daughter, her grandson and a dog. But the house crumbles under the unwieldy concept, summed up by the exaggerated daughter: "I'm a child and you're a mother and you're a mother and you're a child and I'm a mother." You'd need a scorecard to tell who the adults are around here.

Predators The fall lineup also includes two new sitcoms that bring back the tradition of dangerous matrons. *Host of the Glass* (ABC/Orion) stars Helen Reddy. *House of Horrors*, also from *WWEK*, as a teacher in charge of an eclectic group of out-of-bright pupils ranging from a prettied-up child, predatory to a bored punk. The program stands a much better chance of graduating with decent ratings than its CBS equivalent, *Peter Cook*, a classroom comedy in the same time slot. Verging on racial caricature, *Peter Cook* is about a California teenager who moves to a Brooklyn high school and tries to win the respect of his black classmates, whose skills seem limited to dancing and basketball.

While attempting new twists on old situations, the networks base also recycle and new roles for old stars. But in many cases their characters have seemingly changed from their past incarnations. *The Jeffersons* veteran Sherman Hemsley returns as a cynical doomsayer in *Amex*, which features barnyard 1960s rocker Little Richard as the charmer. Paul Shaffer, the whining straight woman on *Monk* and *MadTV*, plays a whining photojournalist in *My Sister Sam*. Andy Griffith has grown from a small-town sheriff to a smart Atlanta lawyer in the new series *Mallock*. But the most audacious resurrection is that of 75-year-old Loretta Young with her old costar Gale Gordon in *Life With Langdon*.

Lurkers Then there is the dwarf. He is a crime-fighting toy maker in *The Wizard* who outwits his opponents with silly inventions like little charts on wheels that puncture the tires of their getaway cars. These neuronal stats at a novelty being a taking sense of desperation at the networks. Far more often, television's programmers have glared into the review mirror and taken the safer road back to time-honored traditions.



Street Legal's Stéphane Bellemare; Miguel Pernaud; Marcotte (seated); *office* reporter

BLEAK SCENES ON THE HORIZON

COVER

Far from presenting a brand-new wardrobe, the 1988 Canadian television season is conversely bleak. Last year five new Canadian shows premiered on the CBC network, but this year only one prime-time program will debut. And although first-rate movies and specials will be scattered throughout the year's schedule, the network, which is now on a reduced budget, will know some of its new dramatic series until December or January. The few programs that are new on both major networks include one show that tries to be funny by invading the privacy of strangers, another that gives viewers an opportunity to air their Petty grievances in public and a fast-paced spin-off version of *Murder Night in Canada*. For the most part, new fall shows are inexpensive derivatives rather than innovative originals.

The most ambitious new series is the cbc's \$8-million *Hi-5 Sleuths*, *We Sleuths*, which chronicles a small-town Quebec boy's rise to stardom in the National

Hockey League. It is the first series to be fully produced in both official languages, with the same cast performing separate English and French versions. Scripted by veteran Montreal sportswriter Robert Trenholme and novelist Louis Caron, the show has been sold to



beaches the canadien nature of the United States between the 1850s and the 1930s. Produced by Canwest Inc. in association with the CBC, the show takes a sweeping, bird's-eye view of American culture. With its stark, kaleidoscopic images, Gertner's style is closer to a rock video than a documentary, but its fresh-thinking spirit is infectious. By contrast, the CBC's new comedy series *It's Devil's Kiss* is more disturbing than appealing. The show features soap opera stars Shelly Thompson and comic Howard Bawden, who approach strangers at various social gatherings and attempt to engage them in conversations. As cameras track on events ranging from a house party to a high-spirited reunion, people respond to Thompson and Bawden with bewilderment and occasionally anger.

Tragedy A more expensively produced program from the CBC is the new drama series, *Street Legal*, which debuts in December. The story revolves around Carter, Lester and Chack, three young urban lawyers who set up shop near the treacherous cluster of Toronto's Queen Street West. Also scheduled to debut in December is a new children's drama series, *Sport Day*, which will look at life in a small Indian community. Another new cbc children's series, *Depression Avenue High*, from the producers of last year's award-winning *The Kids of Depression*,

national television networks in Switzerland and France and some independent stations in the United States. The series scores points for its on-the-realism but is less effective when it switches to the private life of hockey star Pierre Lambert (played by Toronto actor Carl Martell), including his love affair with Ghislaine (Marie-Chantal Labèque). In the first few episodes the story and dialogue are unengaging. At one point, a guest says of Lambert, "With a Russian mother and a Canadian father, the kid is bound to be thoroughbred." But the series does not live up to that promise.

Indecent? A more exhilarating CBC offering is *The American Century*, a six-part popular history which celebra-

tates the canadien nature of the United States between the 1850s and the 1930s. Produced by Canwest Inc. in association with the CBC, the show takes a sweeping, bird's-eye view of American culture. With its stark, kaleidoscopic images, Gertner's style is closer to a rock video than a documentary, but its fresh-thinking spirit is infectious. By contrast, the CBC's new comedy series *It's Devil's Kiss* is more disturbing than appealing. The show features soap opera stars Shelly Thompson and comic Howard Bawden, who approach strangers at various social gatherings and attempt to engage them in conversations. As cameras track on events ranging from a house party to a high-spirited reunion, people respond to Thompson and Bawden with bewilderment and occasionally anger.

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—PAMELA YOUNG with BRUCE WALLACE and ANTHONY WILSON-SMITH in Montreal and DEBORA D'ANGELO in Toronto

Street, begins in January.

The 1984 federal financing cutbacks are beginning to impose constraints on CBC programming, but the 1986-87 season will feature several inexpensive specials and movies that were in development before the reductions took effect. The specials include *Long Live The Rock*, a documentary about David Caenaege, the Canadian director of the horror movie *Scanners*, and, most recently, *The Fly*, a broadcast of the Canadian Opera Company's 1986 production of Francis Poulenc's *Damoclès* of the Commedia. Among the season's movies are the Canadian-made *Laporte* and *Dancing in the Dark*, which both won favorable reviews at 1986 film festivals.

On cbc, the one new prime-time program is a relatively modest venture. Peter Finch, former *World At Large* host Harvey Atkin is the host of a show that asks viewers to submit their minor annoyances and then has them resolved by the show's resident free-spirited guru, Peter Peters. *Peters* is a modest venture, but two of cbc's returning shows, *The Castleby* and *Night Heat*, are doing well outside the country. A joint venture of cbc, Canada's Seville Film Productions Ltd., Scotland's Fremantle International Inc. and Scottish Television plc, *The Castleby* is a drama series about a Scottish doctor and his family in 1880s Upper Canada. The show receives high ratings on Britain's rtv network.

Driving An even more successful cbc expert is its police drama *Night Heat*. Last year cbc bought the series—an all-Canadian co-production by cbc, the Alliance Entertainment Corporation and Greiss-Jacobsen Productions Inc.—and alived it as an inexpensive alternative to late-night talk-show programming as rival networks abc and nbc. In several U.S. cities the gritty crime slingers often received higher ratings than *Jeanne Carson's Tonight Show*. This year *Night Heat* returns to late-night cbc, and it will be joined by *File Shoot*, a new cbc co-production from the same independent producers as *Night Heat*, about two mystery-solving reporters. U.S. and Canadian viewers will be able to see the show on cbc later this month, but cbc will not begin airing it until some time next year.

Placed with rising production costs and a weak advertising market, Canadian networks will have to choose between giving U.S. networks first choice of their highest-quality products or producing low-expense material solely for their own use.

HARD TIMES AT 'BLACK ROCK'

—COVER

It was a climactic moment at Black Rock, the sober Manhattan skyscraper headquarters of cbs. An 11-hour meeting of the troubled television network's board ended just as anchorman Dan Rather was wrapping up the CBS Evening News. When he heard about it through a mutual contact, executive producer Edward Wyman told his wife that one chairman Thomas Wyzan was "out." William S.



Tally: a police cop by the legendary founder

Tally, 64, the network's legendary founder, had engineered a swap against the man who succeeded him three years ago. Later, a fashionable Park Avenue reception following the marriage of Mike Wallace, a host of cbc's 60 Minutes, turned into a victory party. Celebs included network star and former cbc reporter Morley Safer, rival abc anchor Peter Jennings and the grand old man of American tv news, Walter Cronkite. Said Toronto-born Jennings: "The atmosphere was positively festive. When a news organization of cbs's quality has been suffering publicly the way it has, it's really no source of joy to its competitors."

Besieged cbs, which dominated the other networks for more than two decades under Tally's deft direction, has encountered numerous problems since the shrewdly-bribed Wyman took control. Ultraconservative U.S. Senator Jim Jeffords has attacked the network for liberal bias; Vietnam-era general William Westmoreland accused

it of aiding if not libel, and cable-TV entrepreneur Ted Turner and Wall Street investor Ivan Slesinger besieged it with hostile takeovers bids. As a result, the network's prestige, ratings and earnings all suffered. Last November, when executives at the highly successful giant *Law & Order* asked for a raise, Wyman responded by cutting it. A year later, Wyman fired 200 people from the staff of the news division.

Speculation: Meanwhile, the network's prime-time entertainment schedule still has room and place behind cbs. And the repositioning of cbs news suffered when its veteran reporter Bill Moyers declared publicly that network management had become the focus of the news department, headed by Vice Chairman Sauer. With cbs' decision last month to abandon its unprofitable *Morning News*, speculation about a shakeup accelerated.

Tally and Tally say that they will run the network over the next few months. Tally as chief executive officer and Tally as chairman, while the board selects a new chairman. Some cbs staff members say they are concerned about that interim arrangement, although Tally is known to share Tally's support for hard news; he is also known for his parsimony. The network faces increasingly tough competition from nbc, now owned by General Electric, and abc, which merged last year with Capital Cities, as well as from cable systems, home video and new private networks which Ted Turner and Rupert Murdoch are assembling.

The day after Wyman's departure, news chief Sauer resigned. Although Cronkite, 69, currently a member of the cbs board, will replace him, Cronkite has fully denied those reports. But some staff members in the news division say they hope that Cronkite's old sign-off, "That's the way it is," is the way it goes will be again.

—LAUREN BLACK in New York



Shackelford and Miss: an unexpected triangle

Last season's CBS prime-time soap opera *Knots Landing* ended with an unexpected love triangle. Star Ted Shackelford was continuing his affair with (John Van Ark) while his current wife, played by *Donna Mills*, confessed her affair with another man. On the show's season premiere this week, Shackelford's character, Gary Young, does not respond to his wife's return to his true love, Valerie. But that remains a possibility. Said Shackelford: "I can't tell you anything about the upcoming season because I don't read what scripts I just read my part."

Growing, planning and pronouncing are three of race-winner's specialties. But the 26-year-old Czechoslovakian-born tennis star is trying to change his demeanor after visiting his second consecutive US Open earlier this month instead of retreating behind the tree lines of his Greenwich, Conn., mansion. Lendl celebrated by taking his parents and his friend, *Samantha Frankel*, 18, to Manhattan. Later, at home with his six German shepherd dogs, Lendl declared, "I am friendly. Maybe some people think that I'm not because on the tennis court I seem businesslike. I don't

smile a lot." But a friend, who asked not to be identified, claimed that Lendl has been "giggling"—in front of a mirror.

Real-life mother and daughter *Reiner Julie Andrews*, 33, and *Emme Walton*, 22, say that they enjoyed playing the same relationship in *Blame Edwards' Death List*, the new film produced by Andrew's second husband, *Mike Edwards*. Even Walton's dog, Charlie, had a part. Said Walton: "It was such a complete experience." As for her mother, Walton disclosed Andrews is not necessarily as wholesome as the characters she usually portrays. Declared Walton: "She is certainly not above a four-letter expletive."

Winnipeg-born actress *Milly Karpik* was unknown in her own country when she won a feature role on NBC's hit series *Wall Street* three years ago. Now, the 34-year-old Karpik says she is looking forward to appearing in an two U.S. network-starring in the made-for-TV film *Miles to Go* on CBS and in the first episode of the adventure-comedy pilot *Shattered* on ABC. As for her wide range of experience as an actress, Karpik said, "There is not the quantity of work in

Motorcycle Wives: "she charmed the hell out of me"



Canada, and so you have to be able to do commercials and be money and then be a professional lawyer." She added that movies are next. "I'm on my way."

Much University principal *Denis Johnson* began his alternative career as a political moderator in 1979 by hosting the pre-electoral debate between the leaders of Canada's three federal parties. And earlier this month he added to his reputation for grace under fire by moderating the 15-part public television series *Debate II*, which matches the toughest college debators from North America and Europe. Johnson acquired some of his demeanor calm during his college days at Harvard where, as captain of the freshman hockey team, he so impressed then-junior professor *Erich Segal* that Segal and his students chose him for a character in his book *Last Stop on Market Street*. Johnson no longer remembers Segal's suggestion, but is acquainted with Segal's latest effort—about Harvard campus life called *The Clash*. Describing the book as "cynical and undeniably damning," Johnson added, "I don't know why he did it."

Canadian Ban Wicks met *Mila MacLaren*, a lady of his Odysseys lampoon, for the first time last week in Ottawa. Reported the 68-year-old transplanted Cashier: "She charmed the hell out of me." Wicks and his wife, Doreen, joined MacLaren, *Barbara Hershey* and *Knowledge North* to select the finalists in a national children's art and literature contest for publications *Draw With Me* and *I'll Put the World Right*, a project to benefit children of the Third World. In selecting the 36 best entries, Wicks said that he was struck by their honesty and humor as well as by MacLaren's overwhelming enthusiasm. "The problem I'm going to have now is drawing anything that even closely resembles attacking her family."

Edited by
BARBARA HERZBERG

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CANADIAN DENTAL ASSOCIATION

Pawns in a game between superpowers

The two men met near the entrance of a Moscow subway station before walking together to nearby Leningrad Park. There, on Aug. 30, moments after U.S. journalist Nicholas Danloff accepted a sealed envelope from a blood, rosy-faced Soviet acquaintance named Misha, eight Soviet security agents arrested the American on espionage charges. In return, the 53-year-old correspondent for the Washington-based weekly newsmagazine *U.S. News & World Report* became a pawn in a superpower propaganda battle. And his prospects of regaining freedom became intertwined with the fate of 28-year-old Soviet citizen Gennady Zakharov. The reason one week before Danloff's arrest US federal agents stopped Zakharov, a United Nations physics, on a New York subway platform and later charged him with espionage. The arrests raised relations between the United States and the Soviet Union and threatened prospects for a summit meeting between the two countries' leaders later this year. But at week's end, diplomats in Washington and Moscow negotiated an agreement freeing the two men from prison.

US state department officials had proposed that Danloff and Zakharov be released into the custody of their respective ambassadors. Under that arrangement, Danloff would leave the Soviet Union while Zakharov remained in New York to face espionage charges. But Soviet officials demanded that Danloff return to Moscow to stand trial. And Secretary of State George Shultz said he had accepted that condition in order to free as imminent as possible. But Shultz "never had no qualms of expanding the powers of Danloff and Zakharov," Danloff is saying. The continued detention of Danloff is unacceptable." But Soviet officials maintained that Danloff had sought such sensitive information as Soviet troop positions in Afghanistan—a charge that the US government denies. Danloff has said only



Danloff, Zakharov (below) 'newspaper clippings' and negotiations

that he agreed to the meeting merely to receive a package which he believed contained newspaper clippings.

Even before Danloff left as eight-by-10-foot cell in Moscow's Lefortovo military prison, an analyst at Washington's Georgetown Center for Strategic and International Studies suggested that the incident had followed a classic Soviet pattern:

"The American concept of negotiations is to begin with gestures of goodwill, designed to get goodwill back. The style carried on by the Soviets is the Marxist style—the guy very basic is here and there starts talking."

Still, other Washington analysts said that US agents had also shown poor timing by arresting Zakharov during delicate negotiations for a meeting between President Ronald Reagan and Soviet leader Mikhail Gorbachev. They noted that an affidavit

made public after Zakharov's arrest showed that Federal Bureau of Investigation agents had kept the Soviet physicist under surveillance since April 1988. At that time, Zakharov had asked a 16-year-old Guyanese student to supply him with information in such fields as computers and robotics. The student did so, but he also informed the FBI and the bureau built a case against Zakharov by furnishing him with sensitive data still classified, when he demanded and received classified material on military aircraft design.

As well, US administration officials say that Zakharov—who does not have diplomatic immunity—was part of a Soviet attempt to expand its US spying operations, that attempt violated an written rule of espionage which restricts the handling of sensitive material to diplomats who are immune from prosecution. Soviet nationals who are in the United States without diplomatic status, including Zakharov and 900 other Soviets working at US headquarters, supposedly restrict espionage activities to identifying potential sources of top-secret material.

With Zakharov and Danloff out of prison, Shultz and Soviet Foreign Minister Eduard Shevardnadze were to meet in Washington this week to discuss the possible summit. But Shultz said that continued detention of the journalist could damage chances of a meeting occurring this year.

Danloff, who had been held since Aug. 30, was finally released after leaving his cell, he said. He declared: "I am not a free man yet. I have changed a hotel for a much better one."

—MALCOLM GRAY with WILLIAM LOFTNER in Washington and KIRTH CHARLES in Moscow

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Page 20



Toronto Western Hospital Maywood (below) fear that a killer is stalking the wards

HEALTH

Suspicions of murder

Police say that they intend to charge Gerald Borsicki with impaired driving after his pickup truck rolled head-on with a car last March, killing two women. They have not yet done so because the 38-year-old Borsicki, Unit, resident is still recovering from severe head injuries in Toronto Western Hospital. But Borsicki became involved in a grisly and unexpected development last June, when hospital staff said he had administered illegal doses of digoxin and insulin—two powerful substances—that are used but not prescribed by him. Borsicki agreed to save the man's life, but police quickly launched an investigation after they concluded that someone had tried to kill Borsicki. As well, police spokesman Jim Cook pointed out that another traffic accident victim, who died at Toronto Western 15 months ago, had also received an unprescribed dose of digoxin. Those unscrupulous patients (and the deceased) were at least eight babies—all through digoxin overdoses—at Toronto's Hospital for Sick Children in 1988 and 1989.

Police and hospital officials were generally reluctant to discuss the investigation last week. But Metropolitan Toronto Police Capt. Charles Maywood said that police had asked Toronto Western staff members who had come into contact with Borsicki to take the detector



tests. In Borsicki's body. But a coroner's jury found that while someone may have administered digoxin in error, possibly confusing it with Diflantin, a drug prescribed for Borsicki to prevent seizures, the medical mix-up did not contribute to his death.

A team of medical experts has joined detectives working on the Borsicki case. Their main objective: to determine if any members of the hospital staff had intended both men. And Ontario coroner Dr. James Young said that his staff would reassess evidence noted at the Borsicki inquest. Declined Young: "We are asking the people who were involved to think about it. If they have changed their minds about something."

Investigators are also trying to determine if there is a link between the attempt on Borsicki's life and the baby deaths that occurred during a nine-month period at Ross Children's hospital. In that case, police charged man Susan Nelles with first-degree murder. But in May, 1988, after a day-long preliminary hearing, provincial court Judge David Vanek exonerated Nelles of all four charges. As well, is a 1985 royal commission report on the baby deaths. Mr. Justice Daniel Grange agreed that there had been insufficient evidence to justify bringing Nelles to trial. Still, Grange's 388-page report found that one or more wardrobes deliberately administered digoxin overdoses to as many as 25 infants. But apothecaries were no closer to charging the person or persons responsible.

At that time, nursing representatives challenged the police for concentrating on names who had been working on the wards—and those officials said last week that a similar pattern may be occurring in the Borsicki case. Detained Dr. Dennis Alford, president of the 44,000-member Ontario Nurses' Association: "Perhaps nurses are being used as the scapegoat in this situation." Added Gail Dooren, executive director of the Registered Nurses' Association of Ontario: "I think now my concern would be that nurses are not targeted out. There are as many people in hospitals who work with patients."

Maywood said that he was confident about the security measures in effect at Toronto Western; some staff members say that they fear that a killer is once again stalking the wards of a major hospital.

—JOHN FAHERY in Toronto

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SPORTS

Countdown to the pennant

As the New York Mets moved to within one game of capping their miraculous season, at week's end the Toronto Blue Jays could only hope for a miracle of their own. Just a week since Toronto—defending champions of the American League East—watched their stars at the pennant, trailing the Boston Red Sox by 4½ games. But in critical series with the Chicago White Sox of the Western division and with perennial Eastern rivals the New York Yankees, the Jays faltered, losing five of six games. At the same time, the Red Sox topped off an 11-game winning streak before losing last Thursday and stretched their lead over Toronto to a daunting nine games. Still, Jays' outfielder Jesse Barfield, who last week broke a 23-game, home-run-hitting drought, remained optimistic. Said Barfield: "We're not going to roll over and play dead. We're thinking of first place."

The Mets were already grilling ready to celebrate. They ordered the champagne to mark the championship of the National League Main Division a month ago. Going into last weekend, with 20 games lead over the Philadelphia Phillies, they were ready to do the cook. In the National and American Western divisions, the respective leads of the Houston Astros and the California Angels matched the Red Sox. And while the champion is not yet on ice in those cities, their fans have reason to prepare for a party. If the Sox win just half of their remaining games, they would force Toronto to win 30 of their final 32 games to earn a tie. Said Blue Jay outfielder Rickey Henderson: "Boston has to completely fall on its face for us to get back into it."

But larger heads have engorged in the heat of pennant races. And fearing the perspiration, including Toronto, the managers of the major-leagues schedules pit divisional rivals against each other. This week, following a

four-game series with the Milwaukee Brewers, the Jays host the Detroit Tigers twice and then face the Sox, also at home, in a still-critical, three-game series. Each Blue Jays win over Boston would trim a full game off the lead. And, before travelling to Florida, Bos-

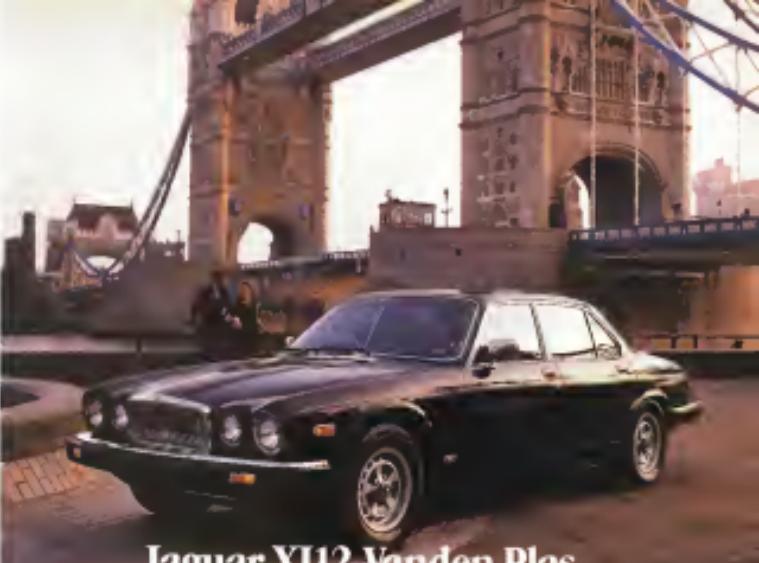


Rickey Henderson

ton has three-game sets with both the Yankees and the Brewers. Said Boston right fielder Dwight Evans: "No lead is comfortable until you're ahead by two games with just one to play."

While Toronto's players and fans hoped for a miracle on the diamond, they received one of sorts off the field last week. After months of delays, the Gatoche Municipal Board gave approval for the construction of a \$300-million, 80,000-seat stadium with a retractable roof. Plans call for the facility to be ready for the Blue Jays' opening game of the 1990 season. By then, the 1988 pennant will either be a somewhat bitter memory or a proud banner fluttering over a new home.

—RAL GULIN in Toronto

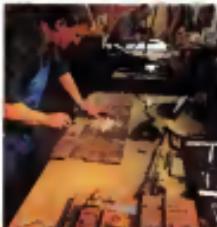


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JAGUAR

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Good news about birth control pills

A social revolution that changed the world began in 1960 when the U.S. and Canadian governments permitted G.D. Searle & Co., a Chicago, Ill.-based pharmaceutical firm to market a tablet which prevented menstrual disorders. But Enovid, a combination of the female hormones estrogen and progestin, had a much wider application: it prevented conception. However, there were hazards associated with Enovid and its hormone-based successors. And eight years after the introduction of the world's first oral contraceptive, scientific studies indicated that use of the pill might have such undesirable side effects as blood clotting and even death. These led to most of the results of an exhaustive U.S. study released one month ago for concern. It concluded that daily doses of oral contraceptives do not increase the risk of a woman developing breast cancer.

That form of cancer strikes one woman in 38 in the United States and Canada alone—and scientists already knew that such hormone-related factors as early menstruation or pregnancy can affect a woman's risk of breast cancer by the time of her 50s. But a three-year study involving almost 10,000 women showed that birth control pills did not increase breast cancer risks for most users. Declined study director Dr. Richard Sattin, in a report published in *The New England Journal of Medicine* last month. "Our analysis shows no overall increase in the risk of breast cancer among women who used oral contraceptives as compared with women who have never used them." In fact, research conducted at the U.S. Centers for Disease Control in Atlanta, Ga., in 1985 concluded that birth control pills increased protection against ovarian and uterine cancer for up to 10 years after users stopped taking the pills. But using oral contraceptives still carries

some risk. For one thing, researchers found that users who smoke increase their chance of developing heart disease. Still, a *Journal* editorial concluded that the dangers are so small that "the vast majority of users will experience only the benefits."



Josephine Gray, born 1905, tested the first oral contraceptive and became a breast cancer survivor.

Their objective to determine if significantly higher numbers of the cancer patients had also used oral contraceptives. But the scientists discovered that about 40 per cent of the women in both groups had used birth control pills for varying periods of time. And they also found that such factors as hormone quantities or taking pills for 15 years or more had no effect on a woman's risk of developing breast cancer.

Despite that conflicting report, researchers added that they still do not know if oral contraceptives increase the risks of breast cancer among women who began taking the pill in their mid-twenties. Rapid breast development occurs at this age, but it has been noted only in women who stopped taking the pill since it was first introduced. Indeed, widespread use of oral contraceptives is such a recent social phenomenon that the effects of extreme long-term use will not be known for another 30 years. For one thing, there is no data on women who stopped taking the pill after menopause.

In Canada, oral contraceptives are the most popular form of birth control among single women aged 18 to 34, according to a survey of 1,000 women. And PCF users who smoke face a much higher risk of heart disease, according to a 1985 federal health department report which recommended that women switch to other forms of contraception after age 35. Still, for most women in their prime childbearing years, the latest research strongly indicates that they can continue oral contraceptives without fear of causing cancer. Declared Dr. Marion Powell, the medical director of Toronto's Big City Health Department: "The pill is the best and most effective method of contraception for young, healthy women."

MALCOLM GRAY with JUNE ROGERS in Toronto



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Snappy supports for men

Suspenders present a colorful fashion opportunity for both traditional, conservative dressers and family-oriented to express their individuality. And Toronto's older Harry Rose says that they are set to make a boldness method of buttoning up a man's trousers. "It's a great alternative to breeches and open suspenderless or breeches," he says. "And some Canadians still call them—are the latest fashion trend, showing up everywhere from offices to nightclubs, in a wide range of colors and designs, including paisley, Mickey Mouse, playing cards, Confederate flags and even naked women." Said Justice observer Ann Gosselin, owner of Vancouver-based Gosselin Consulting Ltd.: "They are the greatest accessory for men to be seen in the office. Suspenders are becoming very hot right now."

Although business and hockey players have always worn them, suspenders have usually been regarded simply as an item that older men use to keep their pants up. Rose, who owns 19 men's fashion stores from Vancouver



Suspenders: stylishly holding up pants

to Quebec City, says that he would never wear them himself because "I have the feeling that my suspenders are too weighty on my shoulders," but he added that we can understand those who do. Said Rose, whose stores sell suspenders for up to \$65. "Traditional people don't have too many options with which they can express some individuality. Wearing a yellow one is looking quite different."

But now younger men are buying suspenders with an exalt that sales by New York-based men's undergarment manufacturer Triflex Ltd. have risen to more than \$1.6 million a year, from \$250,000 in 1980. Declared Georges Cormier, spokesman for the Franchise Service, a London-based company that franchises trends in the clothing industry: "It was an older corporates kind of item to hold up pants, but this new generation of young men is exploring the suspender market into a fashion item as opposed to a functional item."

Not since Bobb's Williams were release-load suspenders in the mid-1970s series *Mark and Mindy* in the early 1980s have suspenders enjoyed such attention and such popularity among the young. And the new trend may also be traced back to entertainment sources—Canadian actor Michael J. Fox wore suspenders in the 1985 Mt. Fuji to the Future and U.S. matinee idol Robert Redford put them on for his role in *Out of Africa*. Fashion historians say that suspenders date back to at least as early as 1520 BC in what is now Scandinavia, when men used leather straps on their shoulders to keep a piece of material around their bodies. In the 18th century suspenders were considered a novelty, but by the early 1900s they were as popular that men's trousers were manufactured without belt loops.

And in its 1997 catalogue, Sears, Roebuck and Co. reserved the word "breast" to describe special braces that were designed to ease round shoulders. Then, Sears said "men's elastic web suspenders" for eight cents, or a dozen for 90 cents. But even in 1997, suspenders had gained a reputation of being for men of advanced age. Tilden, an expert in the 1980s Men's Wear-Chicago Apparel Group, stated: "Suspenders have begun to live down the reputation that they are for old men. Not so long ago, the feeling was that a man took up suspenders when age had changed his figure and reduced his masculinity."

The new suspender fashion trend is the almost exclusive possession of males. Cormier says that women do not wear them for reasons that are "from the comfort point of view." Breasts and braces evidently do not marry well.

—KEVIN SCANLON in Toronto

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A CITY CALLED JULY

By Howard Engel
(Penguin Books, \$24.95, \$19.95)

At the time of his disappearance, Larry Geller, a prominent Jewish lawyer in the fictional town of Grantham, Ont., was carrying \$24 million in savings entrusted to him by his clients. The angry victims threw rocks through the windows of his house. Police, lacking clues, are at a loss. It is a case for a champion of hapless causes, for a laser of a detective with nothing weighing on his agenda than cleaning out safes and picking the lock from his pencil jar: Canada's most appealing fictional private eye, Benny Cooperman.

In his fifth Cooperman posse, *A City Called July*, award-winning crime writer Howard Engel has brought back the popular Jewish sleuth to perform his now-familiar routine. The astute Cooperman still works from his study-cum-roost above a hotel bar, and his preferred meal remains

egg salad on white with a glass of milk at the United Cigar Store counter. He still relishes at the sight of a corpse, food from armed robbers instead of mowing them down Maibao-style, and his deadpan wit is still occasionally effective. "It was one of those planes where they serve a negotiate flux of sheets on top of everything and you need a PhD to understand the menu."

But there are fewer witticisms than in Engel's previous books, and the setting of Grantham seems somber. Engel used the archconservative war town to high comic effect in his first two Cooperman mysteries and branched out inventively to other settings for his third and fourth novels. Returning to Grantham in *A City Called July*, the author is less inspired



Engel deadpans well

than it than in the past. Still, Engel's affectionate snapshots of Grantham Jewish life set among the book's most finely observed scenes. One is a funeral where Cooperman sights the hungry crowd to get to the food, saying, "Eating after a funeral is a reaffirmation that the living are still living." But those intriguing glimpses into the community and its uneasy relationship with the world majority are scarce.

Still, even slightly fat Benny Cooperman mystery has a good deal more fun than its mostly unengaged counterparts. The plot perks along at a brisk but not baffling pace, featuring such dramatic incidents as a kidnapping at gunpoint and the discovery of a corpse embedded in concrete. As in the past, Cooperman operates as an outsider whose detachment and ingenuousness enable him to solve the mystery and triumph in the end. Like a gifted performer in an off night, he is still more than worth the price of admission.

—GILIAN MACKAY

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—GILIAN MACKAY

Wit as the best defence

ADULT ENTERTAINMENT
By John Metcalf
(Macmillan of Canada,
350 pages, \$20.95)

There is a lesson of resilience in almost everything John Metcalf writes. The Ottawa-based author is clearly irritated by a great deal, from the decay of common decency to the Canadian literary scene, which he ruthlessly parodied in his 1988 novel, *General Loaf*. But as the majority of tales in his most recent collection, *Adult Entertainment*, show, his humor is only the protective shell of a sensibility that ranges from rife with wonder to sudden states of wonder and serenity at the social forces of old-life.

For all their charm, the stories in *Adult Entertainment* are dominated by a single character: Behind the various roles Metcalf chooses for his humor-writer, art gallery owner, tourist—lies the same witty, wisecracking and very male personality. That approach allows Metcalf to play on his strengths as an acid wit and a keen eye for what is pathetic or phoney. But it can also lead to the monotony of *Polly*

Polly, the first story in the collection and its only failure. In that lengthy tale, Metcalf follows Paul Denton, the owner of an Ottawa gallery selling African folk art, through a typically frustrating day. Denton's hiccups are perpetually up against open-plan houses, dentists in plain shirts and his lay son. The trouble is, the chapter for a hilarious half-page.

In *Adult Entertainment*'s concluding stories, Metcalf's savagery and heroes are less virile, preferring to let the shoddiness of existence本身 do the damage. In the book's most moving story, *Swede Green Only*, a young man named David is oppressed almost to invisibility by the stiffness of his English-speaking bones. He is rescued by the arrival of Jeremy, an impervious anarchist who rises above his own shambles through elegant snide and honest. Storytellers rejoice: Metcalf's youth is his native element and suggests that he adopted his habit of amazing disengagement as a means of survival. In *Adult Entertainment*, it also proves to be a tactic that can reach both the funny bone and the heart.

—JOHN BENBROOK



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AIR CANADA



Yesterday's Beat hero

DEMON BOX

By Ken Kesey
(Piking, \$14, paper, \$3.95)

In the years since the success of his two novels, *One Flew Over the Cuckoo's Nest* and *Sometimes a Great Notion*, Ken Kesey has become a rather familiar figure—the American writer whose career has no third act. His first book in 18 years, *Demon Box*, is a collection of garrulous, fabled, largely pointless essays which Kesey has strung together over the past decade. Most indicate a novelist's desire to live life, a state of affairs of which Kesey has been a witness well aware. In a rambling essay on the murder of Seattle Johns Lomax, he refers to himself as a "fat old bald retired writer." At another point he writes, "When you got nothing to say, go ahead and say it."

Demon Box shows what a retired novelist with nothing to say does: he writes frankly drug-inspired journalism for *Rolling Stone* magazine about trips to the Great Pyramid in Egypt and the Great Wall of China. He writes unstructured reminiscences of Beat Generation hero Neal Cassady. He writes folksy accounts of life on his farm in Mt. Nebo, Ore. At times he is on the edge of transforming his most indulgent readers into nonconformists with his insistence on remaining a psychiatrist's case.

Still, the author remains a thoroughly likable writer and a gently humorous one. It is easy to sympathize with Kesey, who believes with exemplary Christian patience toward the aging hippie pilgrim who strolls in his farm in the rain, grateful from the one-time guru. When he is on tour journeys to Peking and visits a Chinese philosopher, Da Fang Yu Lin, a survivor of the trials of China's revolution, the old fox offers his key to survival: "Everyone broadminded."

Kesey's royalties have enabled him to isolate himself and retain his countercultural attitudes unsharable. He counsels others: "Don't forget the Magic Sausage of Love in the chilly season of Bougu." It is a mellow message from an amateur writer. Still, *Demon Box* has the air of a sloping collection between big books. Unfortunately, with Ken Kesey there is a terrible suspicion that the gap is going to continue forever.

—NORMAN SPERBER

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ROBERT'S VERSION

By John Updike
 (Random House, 228 pages, \$29.95)

The 20th century is the age of science, but few contemporary novelists face that fact with the clear-sightedness and energy of John Updike in *Roger's Version*. The American author's 12th novel is full of talk about computers, evolution, the creation of life and the big bang theory of the origins of the universe. Such intellectual baggage could have overtaxed the talents of a lesser writer. But Updike manages to carry it off with ease as he confronts crucial questions about the relationship between God and mankind's ever more godlike glimpses into the underlying physical structures of existence.

At the centre of that maelstrom of concern is Roger Larcher, a New England professor of divinity whom Updike fans may remember from an earlier novel, *A Month of Sundays*. In that book, Roger left his first wife—and the ministry—in marry Esther, a winsome

young member of his congregation. Fourteen years later, in *Roger's Version*, Roger and Esther are living comfortably near the Boston university where Roger specializes in the teachings of early Christian Gnostics. But one sunny October afternoon, his academic idyll is interrupted by Dale Kinsella,

Updike confronts crucial questions about man-kind's ever more godlike glimpses into the basic structures of existence

a fundamentalist Christian and computer prodigy. He helps Roger to help him obtain funding from the divinity school for his pet project: he wants to use a computer to demonstrate the existence of God. Dale says he believes that scientific converts theories explaining the existence of the world are inadequate, and that "God is

breaking through" the gaps in their knowledge.

Roger is both appalled and fascinated by Dale's fundamentalism. Drawing on his own particularly vast reading, he tries to prove to Dale that the attempt is a blasphemous act of agnation. Their debate, fuelled with references to the latest in scientific findings as well as the works of 20th-century Swiss Protestant theologian Karl Barth, would stand as an introduction to many positions of contemporary thought. But the novel rises at greater, more human levels too. The two men gradually learn to break through their comfortable assumptions and explore the more shadowy aspects of their lives. For Roger, the catalyst of his deepening anguish is his suspicion that Dale is having an affair with his wife.

Descriptions of adultery are old hat with Updike. At such as any other serious American fiction writer, he has detailed, and in a strange way validated, the conventions of marital infidelity. But in *Roger's Version* he achieves a new degree of poignancy and exactness. Oddly, the vehicle of this accomplishment is the imagination of the supposedly sedate Roger. Because he is the sole narrator of *Roger's Version*, the scenes of lovemaking between Dale and Esther take place entirely in his head. But they are so graphic and vivid as if he were sitting



Updike: confronting and, in a strange way, validating marital adultery

literally beside their bed. On a superficial level, Roger's visual accuracy indicates a certain tendency to voyeurism and an unconscious physical attraction for Dale. But more importantly, the episodes evoke the loneliness of all secret lovers as well as Roger's melancholy. He never speaks directly about his own jealousy and pain, but they lie beneath the novel's givens of rich

apartment. He soon finds himself hopelessly attracted. His pursuit of Vern gives Updike the chance to add luster to his novel, with some social realism from the wrong side of the tracks. Updike evades the depressing conundrums of the girl's messy, overburdened room with commanding artistry. Similarly, his description of Roger and Vern's nightmarish midnight visit to a local hospital to treat Paul's broken leg is as a small masterpiece.

The prose style in which Roger tells his sad tale is extraordinarily supple, capable of encompassing a formal philosophical proposition and a private fantasy in the same breath. It also confirms Updike as having one of the best eyes for detail of any contemporary American writer. *Roger's Version* is crammed with apt observations—both scientific and human. By the end, the reader palpably feels the pressure of a society where, as Roger says, "there is no room to be known—and too little hope of its adding up to anything." As often, Updike's last novel's complex, troubled soul is a character for that alone. Updike eloquently offers the hope that if the contemporary world cannot be understood, it at least can be experienced with a modicum of dignity.

—JOHN BENBROOK

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TRANSPORTATION

New lights to save lives

Cruising along a two-lane highway on a hot, sunny day, a driver sees the road ahead, then pulls out to pass a slower car—without seeing an oncoming vehicle because of the blinding heat radiating from the road surface. The driver may react with more than a swerve, says Transport Canada officials say a single, effective safety feature—low-intensity daytime headlights—that operate automatically until a driver turns on full beams—would reduce accidents. They note that in 1985 alone, 1,861 of 3,774 automobile accidents resulting in fatalities, and 113,085 of 174,978 accidents causing injuries, occurred during daylight hours. According to Federal Transport Minister John Crosbie, equipping all vehicles sold in Canada with such lights by 2000 could reduce the number of daytime vehicle collisions by up to 30 per cent. Added Bob Myers, chief of standards and regulations for Transport Canada: "We expect a three-per-cent drop in the number of traffic-related fatalities—120 bodies a year."

Myers' analysis studies in other countries, including Sweden, where what transportation experts call "daytime running lights" have been compulsory since 1975. He concluded that lights that are approximately one-fifth the intensity of low-beam headlights markedly improve a vehicle's visibility at night. As well, he predicts that the use of daytime running lights will reduce accident damage by \$50 million a year. But representatives of the Canadian automotive industry dispute Transport Canada's conclusion. Brad Norman Clark, president of the Motor Vehicle Manufacturers' Association: "No studies of any consequence have been done in North America, and we have reservations about the validity of applying Scandinavian statistics from 1977 to Canada."

Spokesmen for the automakers say they are not averse to the additional safety feature—but add that it will take time to develop the new—and expensive—option. And they say that, because the U.S. government will not make daytime running lights compul-

sory, all the costs of the new safety feature will pass to Canadian consumers.

John Healy, for one, director of technology and systems project engineer at Ottawa-based General Motors of Canada Ltd., says that the daytime lights will require a hardware mini-computer which could take up to three years to develop and cost the company



Daylight driving: improving visibility for 550

up to \$50 per car. Said Healy: "It is much more complicated than just flicking your headlight switch. Lead time of a year is not enough for drawing, testing, manufacturing supplies, tooling parts and fitting them."

Still, officials at the Ottawa headquarters of the Canadian Automobile Association (CAA), which has advocated daytime running lights for the past two years, say that the added spending is worthwhile. Said Richard Gedling, CAA director of technical services: "The effectiveness of these lights is sufficient to offset the costs of installing the system—and the value to human life is hard to measure." Clearly, experts interested in road safety do not consider automakers' costs a strong deterrent in their campaign.

—NORM MORRIS in Toronto



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BOOKS

Gently unsettling songs of experience

THE PROGRESS OF LOVE

By Alice Munro
(McGraw and Stewart/Toronto:
Gibson, 208 pages, \$12.95)

Like its predecessors, *Alice Munro's* fourth collection of short stories is wonderfully crafted and gently unsettling. In *The Progress of Love*, Munro explores the dreams and memories of a generation of Canadians who, after they have left the farm for the town, try to arrange their lives in a way that they think will be different from those of their parents. But like blades of green springing up in the parking lot of a suburban shopping mall, images from an abandoned past insistently invade the present.

The wellspring of Munro's writing is the rhythmicity of spoken language. And when she deliberately fractures the classic structure of the short story, beginning at the end and drawing her characters back from experience to innocence, Munro's stories seem as natural as drawing a breath. Trying to make sense of past and present, her characters themselves become storytellers.

In *Five*, residents of a small town are appalled—and thrilled—by a grisly murder-suicide in their midst. In *Homecoming*, a woman of Jenkins, Ontario, finds her son, Butch, the housewife who found the bodies, remains silent. In *Peg's* determination to carry on—the night of the discovery, she makes spaghetti sauce for her family—Munro describes what amounts to an almost heroic refusal to violate the mystery of death.

Death haunts over many of the stories, pressuring Munro's characters to get to the bottom of experience before time runs out. In *The Moos*, Sam, who grew up on a poor southwestern Ontario farm, returns from permanent retirement to see his cousin, Edgar. Sam wants to understand their last youthful escapade to know why

Edgar married the scrawny maid who accompanied them on a disastrous trip to Toronto. The past proves irrefutable; the smile Edgar merely smiles.

In Munro's world, there is no nos-

concept and what she imagines to put down on the page. She describes herself as a plodder. "I don't have sudden bursts of inspiration," she said. "I can only do two things at once. Since housework is eternal and writing is eternal, that's all I can do."

Munro, now 60, has been writing since she was 11. The daughter of a Wainfleet, Ont., bus driver, she grew up in poverty in despite a career as a professional writer was almost unheard of. Sensitive to ridicule, she wrote in secret, studied hard in Grade 10 and won a scholarship to the University of Western Ontario. She enrolled in journalism, she said, as "a coverup." It had and that I wanted to be a writer, there would have been a difficult pause in the conversation." Financially strained by a prosperous institution locally known as "the country club," she recalls that when she needed money for laundry, she sold her blood for \$15 a pint. At 20, she married James Munro, a fellow student, moved to British Columbia, raised three daughters and continued to write. After a divorce, Munro remarried Gerald Franklin, a retired geographer, in 1976.

Throughout the 1960s she wrote and sold the occasional story to such mass-circulation magazines as *McNamee*. The appearance of her first collection in 1968, *Dance of the Happy Shakers*, established Munro as one of those rare writers who can raise standards for narrative truths. Said Munro: "I don't really know any country but Canada's." Yet the proximity of her stories in the rest of the English-speaking world as well as Germany and Japan demonstrates that her tales of loss and disillusion travel a common longing. Her characters, both those who remain close to their roots and those who leave, are pioneers in a new world. Through them, Munro, writing from one small corner of the world, helps show people who they are.

—WENDELL RENDSON

Cradling a coffee cup in a Toronto kitchen before catching the train home to Clinton, a small southwestern Ontario town, Alice Munro cheerfully acknowledges that she feels both provincial and hard. "I finish a story," she said, "it's over for me." Despite two Governor General's Awards and widespread acclaim as one of North America's great short-story writers, Munro says that she is haunted by the gap between her original

talents. The past is not a better place—but it is a part of everyone, demanding acknowledgement.

—ROBERT DODD



Munro: universal truths there the meeting of the alienated



Geraldine Page as Dorothy in *Destry*.

FILMS

Sisters of the heart

LOYALITIES

Directed by Anne Wheeler

Aspern, Berlin's Canadian co-writer, *Loyalties* is an intriguing drama about the power of loyalty and the power of freedom. A British doctor (Kenneth Welsh) takes his aristocratic wife, Lily (Gwynne Woodward), and his four children to the sprawling community of Lec in Boyle in northern Alberta. The local residents never understand why the family has abandoned England to settle in a speccious house in an isolated town. And since Lily provides no answers, she pretends that she is content and that her marriage is strong. Her resolve shatters only when she peers from the balcony of her new home. "It's so far away," she murmurs. "It's so far." Directed by Anne Wheeler in her feature film debut, *Loyalties* is permeated with melancholy—from the land and from the self.

Lily's isolation eases with the arrival of Roseanne (Teresa Cardinell), a spirited Mica whom the doctor hires to help Lily with the children. Roseanne just left her conservative husband, Eddie, after a violent fight, and she and her three children are now living with her mother, Beattie, in a cramped, dimly-lit cabin. Initially, the two women are critical of each other. Roseanne sees Lily as spoilt and resolute, and Lily views Roseanne as

intelligent but uncivilized. But gradually they develop a friendship which transcends the gulf of culture and money. The two women grow closer as they take different paths. Eddie, who first appeared as a violent, alcoholistic, stage-drinking He scrub in a government job-training program and soon back the suspicious Beattie. Meanwhile, a shameful secret from the doctor's past strains his relationship with Lily and his children, and erupts in an explosive marriage.

Woodbridge and Cardinell are both endearing and evocative as the two women. And as the doctor, Tadashi radiates an oily and tortured charm. But *Loyalties* also offers a fascinating portrait of the rough-and-tumble life of northern Alberta, of its hard times and its people's determined spirit. As the film cuts between the polished visage of Lily's house and the poverty-battered walls of Roseanne's, it uncovers a vein of the Canadian soul.

MARY JANKIN

When Anne Wheeler decided to become a moviegoer in 1976, the former University of Alberta music and mathematics graduate accidentally shot her first feature holding the camera upside down,

but she was able to screen it for an audience by stamping an inverted preface to the ending. Wheeler started learning the film-making craft during her six years with Edmonton's Film-West Associates, doing a range of tasks from editing to producing music scores and directing. That hands-on training encouraged Wheeler to make a series of award-winning short films. This month, on the eve of her 21st birthday, she received her first full-length feature, *Loyalties*, by audience and critical acclaim at the Montreal and Toronto film festivals. Karen Jenkins, head of the Washington branch of the Women Make Movies organization, would like to show *Loyalties* at her group's annual film festival in March. Said Jenkins: "Loyalties is the first film I have ever seen to show women from opposite ends of the social scale without being patronizing."

Edmonton-born Wheeler's debt-burying of the friendship between an upper-class British woman and her Métis domestic is a strong part of *Loyalties'* appeal. Empathetic portrayals of women have preoccupied her work from the beginning, in such short films as *Great Grandmother*, *Augusta* and *Teach Me to Dance*. She directed *A Change of Heart*, a 1983 90-minute western by Alberta novelist Sharon Lee, which dealt with a middle-aged woman struggling to leave an unhappy marriage.

Wheeler herself is married to Alberta educator Garth Hendren. The couple live in a small town, Lethbridge, and Marlene said Wheeler-Garin is the consistent family member, with the more regulated life. As a director, Wheeler has an unusual reputation for giving members of what she calls "my film family" a remarkable degree of sympathy. Kenneth Welsh, who played the troubled doctor in *Loyalties*, said that Wheeler often offered "a little stroking, like being mothered."

Wheeler's style was tougher in earlier days, when she says that she felt compelled to assert her talents to skeptical male colleagues. "There was a period," she recalled, "when I wore work boots—with claws." Now, she is widening her focus from women's issues to more general concerns her next project will be a Second World War love story. Wheeler also says that she wants to go on making movies about Western Canadians. "I'm going to tell stories about people and places I know—about politicians, shopkeepers." With *Loyalties*, Wheeler has already shown that she can tell regional tales about ordinary people with universal appeal.

GERALD PEARCE as Dorothy

FESTIVALS

Glimpses of terror, visions of delight

In the opening scenes of *Tragedy at Gérard*, a couple dances across a bridge in Paris. The movie begins as a love story. But *Tragedy*, part of an astonishing range of Latin American cinema shown last week at Toronto's Festival of Festivals, is also a movie about the effects of Argentina's under military rule. Directed by Fernando Solanas, it follows a number of exiled dissidents who flee to Paris, where they try to stage a production based on the classical tangos of Argentinian composer Carlos Gardel. Despite its theme of loss, the movie is wryly humorous. And in a series of brilliant dance scenes, Solanas uses the stylized performing of the tango to evoke the exiles' ache for home.

Tragedy's wit and polish were typical of the festival's retrospective, titled *Winds of Change*. To round the issue, the largest showcase of Latin American movies ever screened, programmers Piero Hirsch and general deputy director Helga Stephenson selected 86 films from 12 countries covering the period from 1888 to the present. The industry trade press may say the same problems as Canada's movie industry, including big domestic box office, when Cineplex and South American networks consolidated 850-million-dollar market. During the 1960s and 1970s Latin American moviemakers focused on building an alternative film culture, and their movies were often overtly political. *Tuve Die*, Fernando Birri's simple, haunting 1964-65 film, deals with Argentinian children being given come-ons passengers is seeing trains. Now, Latin American filmmakers, like their Canadian counterparts, are forging a popular cinema. *Paisajes*, a light-headed musical by Cuban Manzan Gómez Gómez, begins with a bizarre rural dance, where three choreographed tractors move down a row of laborers lustily chanting: "Work is a treasure, I love to sing."

Winds of Change offers a rare opportunity to glimpse the breadth and richness of Latin movies. There was much English entertainment, but some of the festival's most electric moments occurred at screenings of movies that rarely been witness to here. *The Moon and Sixpence* by Ernest Maron and Luiz de Mattos, a documentary about the 30,000 Argentines who disappeared—who were in fact victims of kidnappings ordered by the



Claudia Obregón in *Malandro*, tango and dancing tuckas

military in the late 1970s. The movie contrasts with the tragedy of a separated brother. In 1971, 14 members of the 198 children who had been the disappeared began to demonstrate in the main square of Argentina's capital, Buenos Aires. Many of the victims' faces are still unknown. After the screening, one of the mothers addressed the festival audience: "What is important about this film," said Beatriz Appelbaum, who lost three children, "is that it is a piece of history, a document that can't be changed."

Another documentary proved to be the highlight of the program: *Cleó, A General Escort* by Miguel Litvin. It's a four-hour portrait, made at great risk, of Chilean life under the harsh rule of Gen. Augusto Pinochet. Litvin worked in complete disguise, and there

were close calls. One day, when Little was getting a haircut, his barber remarked on his plucked eyebrows—part of his disguise. Little deflected the danger by snapping: "Do you have something against eyebrows?"

Little was among the 40 guests from Latin America who attended the festival. Brazilian film maker Ana Lucia Aramal announced her first feature, *The Hour of the Star*, which in its early way also challenged authority. The film tells the story of a plain peasant girl who moves to the city. A fortune-teller promises her that "a rich gringo" is going to change her life forever. The girl falls for the dream, but the film-maker refuses to. The wealthy North American does materialize, but in an unexpected ending Aramal draws the line at the bigamy endemic in formula movies. In a sense, Aramal's rejection of other people's dreams in favor of her own vision was the theme of *Wish of Change*.

—MARIAN JACKSON in Toronto with WILSON ELLIS in Bogota

MACLEAN'S BEST-SELLER LIST

Fiction

1. *A Matter of Honour*, Arister (3)
2. *Hot Streak*, Shamus (3)
3. *A Perfect Spy*, Le Carré (2)
4. *Art of Will*, Bradford (2)
5. *The Bourne Supremacy*, Ludlum (3)
6. *Power of the Sword*, Smith (7)
7. *Wanderlust*, Stendhal (3)
8. *Midnight Marauders*, Ernest (6)
9. *Surgeons*, Connelly (8)
10. *Last of the Breed*, Ulfsson (8)

Nonfiction

1. *Fatherhood*, Cosby (1)
 2. *FBI for Life*, Diamond and Diamond (2)
 3. *Invitation to a Wedding*, Hall (2)
 4. *The Butterfield Diet*, Estrada (1)
 5. *Jesse Bernstein's Dog Stories*, Bernstein (2)
 6. *Feed the Men and the Machine*, Escoffier (3)
 7. *Vigil, Stories*
 8. *100 Best Companies to Work for in Canada*, Jones, Perry & Lopez (6)
 9. *Rock Bottom*, Eliot, *It's Story*, *Ifafon and Dardouff* (6)
 10. *Calligrapher*, Pissarro with Eaton (18)
 11. *Portrait for a week*
- Compiled by Frances McNeely

Jail cells with no pretty blondes

By Allan Fotheringham

Washington is where with sullen eyes over the Soviet jail cell of American reporter Mark Thatcher, and the town is abuzz with gossip. I was arguing the case with a former Moscow correspondent, who maintained that I couldn't understand the attitudes of the Russians and their jails. Not true. Your blushing agent in fact has been in Soviet jails, two of them, and as the whole I would rather be on the outside.

This was a thousand years ago, when the world was young and such rapes seemed grand adventure,

not quite up to the level of Mr. Daniels's treachery. The year was 1969, the first year the Soviet Union allowed foreigners to bring in their own automobiles for travel in certain areas. Three of us—two journalists, one lawyer—thought it would be a brilliant idea to take a Volkswagen, drive up to Finland, enter Mother Russia at the very top and navigate all the way down to the bottom, cross Bulgaria and Romania and emerge in Turkey. The one rule was that we would have to be accompanied by a "guide" from Intraur, the government travel agency.

The three of us sat in the investigation room on the Finn-Soviet border, watching while each visiting group of Soviets were matched up with Interur guides—most of them fat ladies in black or surly men with mustaches. There was one sly, attractive blonde girl. The three Canadians looked at each other in wondering hope but knowledgeable fatalism—we couldn't be that lucky. As each name was called out, I suddenly realized how a Miss Canada finalist felt. Eventually everyone was paraded out, and there she was, to our disbelief, our own personal den mother.

Ella Trepicen was 22, a graduate of Leningrad University, a member of the Young Communist League. She spoke impeccable Oxford English and loved *My Fair Lady*. Those were delightful days, three young men and a lovely young lady in a Volvo meandering the USSR, from top to bottom in sunny summer weeks. We took Ella to the bal-

let in Leningrad. We swept her around the dance floor in the hotel dining rooms in Moscow, three attentive men making her the envy of every female eye in the place. She loved the attention.

We wandered the primitive roads, heading ever south, eye on the gas gauge, pondering the wages, trying to find the elusive farmhouse that was supposed to supply our fuel at every portage point. It is a plod, tractor gas. We left the Alexander Mackenzie or Samuel Hearne or Champlain, to say the least.

She wondered why we wanted to take pictures of the log cabins in the lovely



snow outside Leningrad or the sod farmhouse deep in southern Estonia. The answer was that they were unusual. When she was a small child during the siege of Leningrad, with dead, frozen bodies piled in the street like cordwood, she lay in her beds for months, her parents conserving her strength since there was little but raw potatoes to eat. She did not like to see pictures taken of the poor parts of her country.

In Kharbin, on the edge of the Ukraine, my journalist buddy and I took pictures of a long lineup of women shoppers outside a grocery shop—with our cameras hidden that afternoon. The police were called, we were checked in jail, and just as Siberia loomed, Ella arrived to rescue us, Naughtay boys.

In Kiev, delightful Kiev (not far from lovely Chernobyl), a bitch developed. It seemed the Romanians would not grant us a visa—as had been promised in Leningrad and Moscow—to drive across their country. To south us, the Romanians said Bulgaria had played a role. But to get to

Bulgaria you had to cross Romania—one of those Czech-Eds that the Soviets love so well.

Well, ingenuity showed there was a ship leaving Odessa on the Black Sea, stopping in ports in Romania and Bulgaria and continuing on to Istanbul. We would, we proposed, drive there. Kay the 350 km down to Odessa, put the car on the ship and he goes. No, there was a problem. First there was no road between Kiev and Odessa (the Soviets are the most bland Nazis in the world). No road between two of the major cities in the nation? Come on now! Well, it ap-

peared these might be a road, but foreigners were not allowed on it. In the end, we had to take the train, while hiring a driver to transport the car between the two centers that previously had no road.

It is the final night in Odessa. A beautiful farewell dinner. Filled with much wine and many affectionate toasts as to gathering friendship, on a hotel terrace overlooking a magnificent harbor at sunset. Ella took us to the dock, but as a feed barn—well, filled on trashy—and turned us over to the unsmiling, unsmiling, all uniform. The last one being a lawyer, informed his

without question and fled aboard ship.

My stubborn mate and I refused to go on the gangplank, demanding our film. It would be returned quickly, we were told, as soon as it was developed and checked for naughty bits. The standoff developed and midnight approached. We refused to board ship. We were tossed in the slammer, all those beautiful thoughts of Ella dissolved by the mouse. There was no intention, of course, of the film being checked or returned.

The debate, through interpreters, went on all night. Dawn approached, and the Soviet fuzz came to the two principals journalists with a calm and simple explanation of the facts. The ship was leaving Odessa to cross the Black Sea for Istanbul at 6 a.m. The next ship was not arriving for two weeks, our visas expired the next morning, and we would be the guests of the Soviet Union, without visas. The two principals, journalism, without their film, walked up the gangplank

It seems like only yesterday when we...

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